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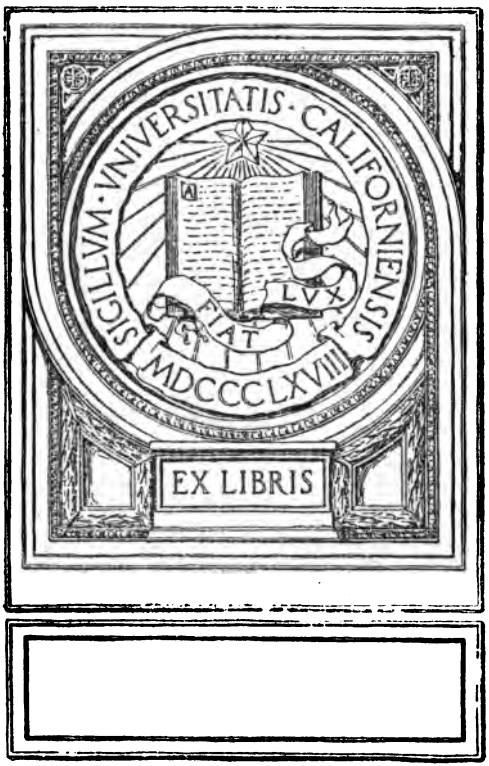
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DUFFS' COMMON SCHOOL BOOK-KEEPING.

BOOK-KEEPING

BY SINGLE AND DOUBLE ENTRY.

A TEXT-BOOK FOR SCHOOLS,

AND A

MANUAL OF PRACTICAL INSTRUCTION FOR BUSINESS MEN.

BY

C. P. DUFF, W. H. DUFF, AND R. P. DUFF.



NEW YORK:
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PREFACE.

A TEXT-BOOK on book-keeping, compact in form, moderate in price, embodying all the most recent improvements of the counting-room, and adapted to the wants of schools as well as to the needs of ordinary business, has long been a desideratum. The work now given to the public seeks to meet this demand.

In order to fit the book to the purposes of school instruction, no labor has been spared to render the principles of the science clear and simple; to unfold them in a progressive manner; and to apply them in new and varied illustrations. It has been the aim to produce a working text-book, in which the study shall be stripped of needless difficulties, and the essentials of practical book-keeping set forth in a way which, it is hoped, will be found easy both to learn and to teach.

In addition to its school use, this manual is intended to furnish practical instruction, not only to the wholesale merchant, but also to the farmer, the mechanic, and the retailer. To those in the occupations and lines of business named, it is believed that it will be a recommendation of this work that in it only such terms as are in universal and constant use among business men are introduced; that unreal and improbable transactions are avoided; and that the whole aim and purpose of the work is to exemplify book-keeping *in use* as well as *in theory*.

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Blank books, consisting of a Day Book, a Journal, a Ledger, and Auxiliary Books, have been prepared expressly for this work. They are properly ruled for writing all the examples it contains and have the author's directions to teachers printed upon the covers.

UNIV. OF CALIFORNIA

BOOK-KEEPING.

SET I.—SINGLE ENTRY BOOK-KEEPING.

ILLUSTRATED BY A SET OF BOOKS SHOWING THE METHOD OF ASCERTAINING PROFITS AND OF CHANGING SINGLE ENTRY INTO DOUBLE ENTRY BOOKS.

1. This illustration of Book-keeping by Single Entry is given solely for the benefit of mechanics, farmers, tradesmen, and others who desire only a sufficient knowledge of accounts to keep the Books of a small business in which the more accurate and scientific Double Entry is not required. The pupil who studies the Double Entry need only give this a careful perusal, as the principles are very simple, and more fully embodied hereafter in the Double Entry sets.

2. The principal Books used are—

The Cash Book, which shows the receipt and payment of all money.

The Day Book, which is a complete record of all transactions written in the order of their occurrence, with full particulars of each.

The Ledger, which is used for condensing and classifying the transactions recorded in the Day Book. It contains an account for every person you buy from or sell to. Your dealings with each, although extending over a long period of time, and entered on many different pages of your Day Book, are here collected in a small space on one page, under the individuals or firms named. It thus enables you to readily ascertain the amount due to you from any firm or individual, without going over your Day Book and sifting its contents for each debit and credit.

3. Other auxiliary Books are used, but they vary in number according to the requirements of the business. We will not attempt a description of them or their uses here, as we desire to make the introductory set as simple as possible. The various Books that are bound together here for convenience are, when used in business, bound separately.

RULES FOR DEBITING AND CREDITING ACCOUNTS.

Ques. 1. What is the Rule for opening your Books when you are alone in business?

Ans. 1. The *Stock Account,* which represents myself, must be credited for all that I possess, and debited for all that I owe.

Ques. 2. What is the Rule for opening Books when two or more persons are partners?

Ans. 2. Each *Partner's Account* must be credited with what he pays in as capital, and debited with what he owes and draws out.

Ques. 3. What is the Rule for *debiting* the accounts of persons you sell to?

Ans. 3. When they get into my debt I *debit* them for the amount.

Ques. 4. What is the Rule for *crediting* the accounts of persons you sell to?

Ans. 4. When they get out of my debt I *credit* them for what they pay or cease to owe me.

Ques. 5. What is the Rule for *crediting* the accounts of persons you buy from?

Ans. 5. When I get into their debt I credit them.

Ques. 6. What is the Rule for *debiting* the accounts of persons you buy from?

Ans. 6. When I get out of their debt I debit them for what I pay or cease to owe them.[1]

1. When a discount or deduction is made by another for you, or by you for another, such discount must be included in the debit or credit on your books, just the same as if it were cash. If you allow a discount, the person who pays gets credit with what "he ceases to owe," which is the amount of the cash paid, and the discount allowed. If a person allows you a discount, you must, by the rule, debit him with what you "cease to owe"—which in this case is the amount of the cash paid, and the discount allowed. See Day Book entry Dec. 1, and questions 1 and 2, p. 11, where you cease to owe, and debit Havemeyer & Co. with $300, when the amount paid was only $294.

DIRECTIONS TO TEACHERS.

1. After the student has committed to memory the foregoing rules, let him write up the Day Book of this set for the month of October. Its form is so simple, and each transaction is recorded in such plain terms, that only a few directions and explanations are required:

The figures in the left-hand marginal column, which is headed "Ledger Folios," must not be copied with the rest of the Day Book, but are to be inserted afterwards, when the contents of this Book are posted or transferred to the Ledger. For instance, the first entry of the Day Book is taken to the credit side of Stock Account in the Ledger; then to show on what page of the Ledger the Day Book entry has been posted, the folio or page of the Ledger that the "Stock Account" is on must be

entered in the column referred to. This post mark, or figure, as it is often termed, shows what entries have been posted, and is also a direct reference to the Ledger page in checking.

2. In posting, require the student to enter first the amount, as it is of the utmost importance to have the dollars and cents correctly transferred; second, the date; third, the explanation; fourth and last, the Day Book page. The student must then insert his post mark or Ledger page in the marginal column of the Day Book, headed "Ledger Folios."

3. When the October transactions are all posted, the student must compare the items in the Day Book with his entries in the Ledger, to see that he has omitted nothing in posting, and made no mistakes in anything transferred. As each entry is examined and found correct, he must check mark it thus $\surd$ in lead-pencil, on the folio column of the Day Book, and in the Ledger thus . on the left of the dollar and cent columns, *i. e.*, on the column which divides the Day Book folios and dollar column.

4. After posting the October transactions, let the student go over the business of each month in the same manner, until all are posted and checked. We prefer to have the student write up, post, and check one month at a time, as he often gets a wrong impression if he only posts once in each three months' business.

Ledger Folio.				
1	[2] I have this day commenced business with a capital of cash in hand - - - - - - - - - - - - - - - - - -			$5000
	"			
1	[3] Wilson Brothers, Cr.			
	For Mdse. per invoice, - - - - - - - - - - - - - - -			500
	"			
1	Chas. E. Hill & Co., Cr.			
	For Mdse. per invoice, - - - - - - - - - - - - - - -			150
	"			
1	Arbuckles & Co., Cr.			
	For Mdse. per invoice, - - - - - - - - - - - - - - -			875
	5			
2	[4] Wm. McKown, Dr.			
	For 2 lbs. Tea, $1.50; 1 lb. Pepper, 50c. - - - - - -		$2.00	
	" 1 bbl. Flour, - - - - - - - - - - - - - - - -		8.00	10
	"			
2	Samuel Mathews, Dr.			
	For 10 lbs. Sugar, $1.00; 1 Ham, $2.50; 2 lbs. Candles, 40c. -			3 90
	10			
2	Fairbanks, Morse & Co., Cr.			
	For 1 Platform Scale, - - - - - - - - - - - - -		$75.00	
	" 1 Counter " - - - - - - - - - - - - -		25.00	100
	15			
2	D. A. Sweeney, Dr.			
	For amount of Groceries furnished Jos. Eckly on his order, -			25
	25			
2	Fairbanks, Morse & Co., Dr.			
	For my order on Park Bro. & Co., - - - - - - - - - - -			100
	"			
2	Park Bro. & Co., Cr.			
	For my order on them, - - - - - - - - - - - - - - -			100

[1] What are the figures in the left-hand column, and when are they to be inserted? *Ans.* Ledger pages, and they are to be inserted when the amount is posted, and not before.
[2] What rule applies to this entry? *Ans.* Rule 1.
[3] Why credit Wilson Bros.? *Ans.* Rule 5 requires me to do so.
[4] Why debit McKown? *Ans.* He gets into my debt. Rule 3.

1	[1] Wilson Brothers, Dr. For Cash paid them in full, - - - - - - - - - - - - -		500
	"		
1	Chas. E. Hill & Co., Dr. For Cash paid them in full, - - - - - - - - - - - - -		150
	"		
1	Arbuckles & Co., Dr. For Cash paid them in full, - - - - - - - - - - - - -		875
	5		
3	T. G. Stewart & Co., Cr. For 100 bbls. Flour per invoice, - - - - - - - - - - -		675
	"		
3	Havemeyer & Co., Cr. For 10 bbls. Syrup per invoice, - - - - - - - - - - - -		300
	"		
	[2] W. W. Swain (New Orleans), Cr. For 15 bbls. Molasses per invoice, - - - - - - - - - - -		450
	Dr. " Cash paid his draft on me at sight, - - - - - - - - -		450
	15		
2	Wm. McKown, Dr. For 1 box Raisins, $3.00; 2 Brushes, $1.50 - - - - $4.50 " 20 lbs. Rice, $1.80; 2 lbs. Tea, $1.20 - - - - - 3.00		7 50
	"		
3	H. D. Beerhman, Dr. For 1 bbl. Molasses, - - - - - - - - - 45 galls., @ 90c.		40 50
	20		
3	John Craig, Dr. For 5 bbls. Molasses, - - - - - - - - 225 galls., @ 90c.		202 50
	25		
3	T. G. Stewart & Co., Dr. For my note at 30 days in settlement of their acc't, - - - - -		675

[1] Why debit Wilson Bros.? *Ans.* By Rule 6, I debit them for what I pay, or cease to owe them.

[2] It is not necessary to carry this credit to the Ledger, as the purchase was paid for on the same day. An entry like the above is sufficient.

3	[1] Havemeyer & Co., Dr.			
	[2] For Discount allowed on bill of Syrup,		$6.00	
	" Cash in full,		294.00	300
	"			
2	Wm. McKown, Cr.			
	For Cash on account,			10
	"			
2	[3] Samuel Mathews, Cr.			
	For Cash in full,			3 90
	5			
3	James Moon, Dr.			
	For 25 bbls. Flour,	@ $7.50		187 50
	"			
3	J. R. Hanna, Dr.			
	For 50 bbls. Flour,	@ $7.50		375
	10			
3	James Moon, Cr.			
	For his note at 30 days in settlement of acc't,			187 50
	20			
4	H. Todd, Dr.			
	For 20 bbls. Flour,	@ $7.50	$150.00	
	Cr.			
	By Cash on account,		50.00	100
	"			
4	Wm. Byrne, clerk, Dr.			
	For Cash on acc't of his services,			10
	31			
2	D. A. Sweeney, Cr.			
	For bill of repairs to warehouse,			41
	"			
4	Wm. Byrne, Cr.			
	For 1 month's services as clerk,			50

[1] Why debit Havemeyer & Co.? *Ans.* Because Rule 6 requires me to debit those I pay, or cease to owe.

[2] Why is the discount charged to them? *Ans.* Because, when they agree to take a sum less than the amount I owe them, I get out of their debt for the whole amount.

[3] When an account is paid in full, and the payment is posted, it must be "ruled off" on the Ledger.

	Ledger Folios.	EFFECTS.	LIABILITIES.
Amount due me by Wm. McKown,	2	7 50	
" " to D. A. Sweeney,	"		16
" " to Park Bro. & Co.,	"		100
" " me by H. D. Beerhman,	3	40 50	
" " " by John Craig,	"	202 50	
" " " by J. R. Hanna,	"	375	
" " " by H. Todd,	4	100	
" " to Wm. Byrne,	"		40
" of Cash on hand per Cash Book,	"	2784 90	
" of Mdse. on hand in store,	"	2548 10	
" due me on notes (Bills Receivable),	"	187 50	
" I owe on my notes (Bills Payable),	"		675
My total Effects amount to		6246	
" " Liabilities to be deducted are		831	
Amount of my Capital at date,		5415	
" of my Capital Oct. 1, 1874,		5000	
" of my Gain in 3 mos. business,		415	

1. To ascertain the gain or loss by Single Entry, follow the above form, and take from your books a list of the debts that you are owing various firms and individuals, and a list of the debts due you from firms and individuals. Add to this the amount of Cash, Mdse., and Bills Receivable on hand, and the amount you owe on your notes. In this way you obtain a complete list of what you are worth (Effects) and of what you owe (Liabilities). Deduct what you owe from what you are worth, and you have your net worth, or net capital, as it is termed. You will find above that on Oct. 1, your net capital was $5000, and on Dec. 31, it was $5415—an increase of $415, which is the gain on the business, and must be carried to the credit of your Stock account in the Ledger.

2. In business, experts omit the explanatory words we have added in making up a list of Effects and Liabilities. Business men never complain of a book-keeper for making too clear an exhibit of their business.

1 Dr. **CASH** (Received) **ACCOUNT** (Paid), **Cr. 1**

1874.						1874.					
Oct.	1	To Stock, - - -	Rec'd as Capital,	5000		Nov.	1	By Wilson Bros.	P'd in full, - - -	500	
Dec.	1	" Wm. McKown,	" on acc't, -	10		"	"	" C. E. Hill & Co.	" " - - -	150	
"	"	" S. Mathews, -	" in full, -	3	90	"	"	" Arbuckles & Co.	" " - - -	875	
"	20	" Mdse. - - -	" of H. Todd,	50		"	15	" Mdse. - - - -	" Swain's draft,	450	
						Dec.	1	" Havemeyer & Co.	" in full, - - -	294	
			5063.90			"	20	" W. Byrne, - -	" on acc't, - -	10	
			2279.			"			2279		
			2784.90			"	31	" *Balance to new acc't,* - - - -		2784	90
				5063	90					5063	90
1875.											
Jan.	1	To Bal. brought down, - - - -		2784	90						

13

THE CASH BOOK.

1. The explanations at the top show the use of each side of the account. We have balanced it only once, but it should be balanced once a week, or once a day, if the business requires it.

2. To *Balance* this account, find the amount received as shown by the *Dr.* side, and the amount paid out as shown by the *Cr.* side. The difference between them is the amount of money on hand. After obtaining the balance in pencil figures, and before entering it in *red* ink, as shown by the italics above, count the cash on hand, and if it agrees with the balance of this account, as it should, it is evidence that there are no errors or omissions. Enter the balance in red ink on the *Cr.* side, and draw your footing and closing lines; after which the balance must be brought down to make the *Dr.* side, which was the larger before closing, the larger after closing. Balancing and closing the account, as described and illustrated above, marks the periods at which the account has been tested.

1

Dr. (What I owe) **STOCK** (Representing myself) **ACCOUNT** (What I possess). *Cr.*

1874.					1874.				
Dec.	31	*Balance* (net cap.) *f.*	5	5415	Oct.	1	For Cash, - - -	1	5000
					Dec.	31	" Net Profits, -	4	415
				5415					5415
					Dec.	31	Bal. bro't down, -		5415

1. Where do you get the credit of $415?
2. What does the balance of $5415 represent?
3. When is this account closed?

1. From the statement of Gain, D. B., p. 4.
2. My net capital. See statement, D. B., p. 4.
3. See ¶ 1, p. 18.

(What I pay them.) **WILSON BROTHERS.** (What I owe them.)

1874.					1874.				
Nov.	1	For Cash, - - -	2	500	Oct.	1	For Mdse. - - -	1	500

1. What Rules guide you in making entries for Wilson Bros. account?
2. When do you credit their account?
3. When do you debit it?

1. Rules 5 and 6.
2. When I buy from Wilson Bros.
3. When I pay or cease to owe them the amount they are credited with.

(What I pay them.) **CHAS. E. HILL & CO.** (What I owe them.)

1874.					1874.				
Nov.	1	For Cash, - - -	2	150	Oct.	1	For Mdse. - - -	1	150

1. Why close Chas. E. Hill & Co.'s acc't?

1. I have paid the amount due them, and draw closing lines to separate what is paid from future transactions.

ARBUCKLES & CO.

1874.					1874.				
Nov.	1	For Cash, - - -	2	875	Oct.	1	For Mdse. - - -	1	875

NOTE.—The pupil must be able to answer the questions under different accounts before he attempts the work of closing, and should have his manuscript Ledger open before him when doing so.

Dr. (What he owes me.) **WM. McKOWN.** (What he pays me.) *Cr.*

1874.						1874.					
Oct.	5	For Mdse. - - -	1	10		Dec.	1	For Cash, - - -	3	10	
Nov.	15	" do. - - -	2	7	50	"	31	*Balance,* - - - *f.*	5	7	50
				17	50					17	50
Dec.	31	Bal. bro't down, -		7	50						

1. Is McKown's acc't the same as the three preceding ones?

1. No; this is an acc't with a person I am selling to. Refer to Wilson Bros. acc't.

(What he owes me.) **SAMUEL MATHEWS.** (What he pays me.)

1874.						1874.					
Oct.	5	For Mdse. - - -	1	3	90	Dec.	1	For Cash, - - -	3	3	90

1. What Rules apply to Mathews acc't?
2. Why is it closed?

1. The 3d and 4th.
2. To show the settlement and separate what is paid from future transactions.

FAIRBANKS, MORSE & CO.

1874.						1874.					
Oct.	25	For my order, - -	1	100		Oct.	10	For 2 pr. Scales, -	1	100	

D. A. SWEENEY.

1874.						1874.					
Oct.	15	For order on me, -	1	25		Dec.	31	For bill of Repairs,	3	41	
Dec.	31	*Balance,* - - - *f.*	5	16						41	
				41							
						Dec.	31	Bal. bro't down, -		16	

PARK BRO. & CO.

1874.						1874.					
Dec.	31	*Balance,* - - - *f.*	5	100		Oct.	25	For my order, - -	1	100	
						Dec.	31	Bal. bro't down, -		100	

1. Why is the "*Balance*" in italics?

2. Is it to be written in red ink when it is bro't down to re-open an acc't?

1. To show that it must be written in *red ink* when inserted for the purpose of closing an acc't.
2. No; I bring it down in black ink.

Dr. **T. G. STEWART & CO.** *Cr.*

1874.						1874.					
Nov.	25	For my note, - -	2	675		Nov.	5	For Mdse. - - -	2	675	

(What I pay or cease to owe.) **HAVEMEYER & CO.** (What I owe them.)

1874.						1874.					
Dec.	1	For Discount, - -	3	6		Nov.	5	For Mdse. - - -	2	300	
"	"	" Cash, - - -	"	294							
				300						300	

1. Why do you charge discount to Havemeyer & Co.?

1. Because they allow this disc't for prompt payment, and as I cease to owe them, I debit them according to Rule 6.

H. D. BEERHMAN.

1874.						1874.					
Nov.	15	For Mdse. - - -	2	40	50	Dec.	31	*Balance, - - f.*	5	40	50
Dec.	31	Bal. bro't down, -		40	50						

JOHN CRAIG.

1874						1874.					
Nov.	20	For Mdse. - - -	2	202	50	Dec.	31	*Balance, - - f.*	5	202	50
Dec.	31	Bal. bro't down, -		202	50						

Note. We bring balances down under date Dec. 31, the day the books are closed. Many prefer to bring them down on the next date, which in this case would be Jan. 1.

JAMES MOON.

1874.						1874.					
Dec.	5	For Mdse. - - -	3	187	50	Dec.	10	For note at 30 ds. -	3	187	50

J. R. HANNA.

1874.						1874.					
Dec.	5	For 50 bbls. Flour,	3	375		Dec.	31	*Balance, - - f.*	5	375	
Dec.	31	Bal. bro't down, -		375							

1. Why is the closing or balance entry marked fol. —?
2. Is it of any further use?

1. To show the entry is taken to or from some acc't in the Ledger—not from the D. B.
2. Yes; it enables me to distinguish my permanent debits and credits at a glance.

H. TODD.

Dr.							Cr.						
1874.							1874.						
Dec.	20	For Mdse. - - - -	3	100			Dec.	31	*Balance,* - - *f.*	5	100		
Dec.	31	Bal. bro't down, -		100									

WM. BYRNE.

1874.							1874.						
Dec.	20	For Cash, - - -	3	10			Dec.	31	For 1 mo. salary, -	3	50		
"	31	*Balance,* - - - *f.*	5	40									
				50							50		
							Dec.	31	Bal. bro't down, -		40		

CASH ACCOUNT.

1874.							1874.						
Dec.	31	For am't on hand,	4	2784	90		Dec.	31	*Balance,* - - *f.*	5	2784	90	
Dec.	31	Bal. bro't down, -		2784	90				See note 2, Ledger, fol. 5.				

MERCHANDISE ACCOUNT.

1874.							1874.						
Dec.	31	For am't on hand,	4	2548	10		Dec.	31	*Balance,* - - *f.*	5	2548	10	
Dec.	31	Bal. bro't down, -		2548	10								

BILLS RECEIVABLE.

1874.							1874.						
Dec.	31	For notes on hand,	4	187	50		Dec.	31	*Balance,* - - *f.*	5	187	50	
Dec.	31	Bal. bro't down, -		187	50								

BILLS PAYABLE.

1874.							1874.						
Dec.	31	*Balance,* - - *f.*	5	675			Dec.	31	For my notes unpaid, - - - -	4	675		
							Dec.	31	Bal. bro't down, -		675		

1. Where do you get the items for the last four accounts?
2. How are they ascertained?

1. From the statement on Day Book, p. 4.
2. By counting the cash, taking an inventory of Mdse. on hand, making up a list of the notes on hand and of the notes I owe.

Dr. (Effects) **BALANCE ACCOUNT.** (Liabilities) *Cr.*

1874						1874.					
Dec.	31	Wm. McKown owes me, *f*	2	7	50	Dec.	31	Due D. A. Sweeney, - *f*	2	16	
	"	H. D. Beerhman " "	3	40	50		"	" Park Bros. & Co. -	"	100	
	"	Jno. Craig " "	"	202	50		"	" Wm. Byrne, - - -	4	40	
	"	J. R. Hanna " "	3	375			"	" on my Notes, - - -	"	675	
	"	H. Todd " "	"	100			"	831.			
	"	Cash on hand, - - - -	4	2784	90			" on Stock for my net			
	"	Mdse. on " - - - -	"	2548	10			Capital, - - - -	1	5415	
	"	Bills Rec. on hand, - -	"	187	50						
		6246		6246						6246	
		831									
		Net cap., 5415									

1. This account is a condensed statement of your affairs. It is a complete inventory of your Effects and Liabilities at the time of closing your books, and is placed on the Ledger for reference hereafter. It is made up by closing into it every account on the Ledger that shows debts due to you or due from you to others. The Stock account, which represents yourself, is the last account closed. The Rule for closing is, that

ALL DEBITS ARE EFFECTS AND ALL CREDITS LIABILITIES.

When the debit side of an account is the larger, it represents or shows a part of your effects, and the amount is placed on the *Dr.* side of Balance, and when the credit side of an account is the larger, it shows a part of your liabilities, and is taken to the *Cr.* side of Balance. Examine the accounts as we have closed them. When all the accounts, except Stock, have been closed into Balance acc't, add both sides, and place the footings in pencil to the left of the money columns, in the margin, as shown above; then subtract the less from the greater side, and the difference is the net amount you possess, or the sum that remains after deducting what you owe. The Stock acc't shows what the concern owes you for capital invested and profits earned, and if your work is correct, this amount will be the same as the difference between the two sides of your Balance acc't. Thus, your Stock acc't on fol. 1 shows that the concern owes you for capital and profits to date $5415, and the Balance acc't shows that after your debts are paid, the concern is able to pay you $5415. The Stock acc't is then closed into Balance, and closes it, as shown above.

2. We have re-opened Cash, Mdse., Bills Receivable, and Bills Payable to show that our method of closing a Single Entry Ledger admits of re-opening the same Ledger by Double Entry. This is a decided improvement on the old plan of changing from Single to Double Entry, which is to open entirely new books.

MERCANTILE TERMS, SIGNS, AND ABBREVIATIONS

IN GENERAL USE.

Acc't Current.—A statement of a running account with or without interest.

Acc't Sales.—A statement showing sales of goods made for others.

Am't.—Amount.

Acc't *or* **%.**—Account.

Acceptance.—A draft with the drawee's formal promise to pay written across its face.

Bal.—Balance.

Bbls. *or* **Brls.**—Barrels.

Bills Pay.—Bills Payable.

Bills Rec.—Bills Receivable.

B. B.—Bill Book.

Bo't.—Bought.

Bro't.—Brought.

Check.—An order for money drawn on a bank or banker.

C. B.—Cash Book.

Co.—Company *or* County.

Cr.—Credit *or* Creditor.

Closing an acc't.—To make it even.

Closing lines.—Lines that are drawn in acc'ts to separate old from new transactions.

Counter Entry.—An entry made to balance one made on the opposite side of an account.

Consignment.—A shipment of goods to another for management or sale.

Cartg.—Cartage.

C/o.—Care of; thus, C/o P. Duff & Sons.

D. B.—Day Book.

Dr.—Debtor *or* Debit.

Do.—Ditto—the same.

D'ft.—Draft.

Dray.—Drayage.

Draft.—An order for money drawn on a person at a distance.

Disc't.—Discount.

Discount.—A deduction from a bill or an account for prompt payment, or the amount deducted by a bank for loans on notes or drafts.

D's.—Days.

Doz.—Dozen.

Days of grace.—Three days' time allowed by law for the payment of notes or acceptances after the expiration of the running time.

Dividend.—The division of profits.

Drawer.—The maker of a draft.

Drawee.—The person on whom it is drawn.

Due Bill.—A written acknowledgment of a debt payable on or after demand.

E. E.—Errors excepted.

E. & O. E.—Errors and omissions excepted.

Exch.—Exchange.

Endorse.—To write your name across the back of an obligation on paper, thereby guaranteeing its pay-

ment to subsequent holders or endorsers.

Ent.—Entered.

Full extend.—To extend figures into the outer money column.

Footing an acc't.—To add it.

Footing lines.—Lines drawn across money columns before adding them.

Fol. *or* **F.**—Folio.

Folios.—The pages of the Ledger, so termed because they are divided in two parts—Dr. and Cr.

Fr't.—Freight.

Galls. *or* **G.**—Gallons.

Hhd.—Hogshead.

Honor a draft.—To accept it.

Hf.—Half.

I. B.—Invoice Book.

Inventory.—A list of goods on hand.

Insolvency.—To owe more than you possess.

Inv.—Invoice.

Inst.—Instant—the present month.

Int.—Interest.

Long extend.—See "Full extend."

Lbs.—Pounds. See SIGNS, p. 21.

Mos.—Months.

Mfg.—Manufacturing.

Mdse.—Merchandise.

Maturity.—The day on which a note or acc't is due or payable.

N/A.—New account.

N/P.—Net proceeds.

N/G.—Net gain.

N/C *or* **Net Cap.**—Net Capital, or what you possess after deducting the debts you owe.

No.—Number. See SIGNS, p. 21.

Order.—Written authority for the delivery of goods or money.

P'd.—Paid.

Paym't.—Payment.

Ps. *or* **Pcs.**—Pieces.

Prox.—Proximo—next month.

Prem.—Premium—an advance on the face or par value of anything.

Par.—The face of a note or draft; the original value set forth on its face.

Policy.—The contract with an insurance company.

Protest.—The written and formal proof of demand and notice required by law of the dishonoring of notes, drafts, or checks.

P. *or* **Pt.**—Pint.

P. M. O.—Post-office money order.

Q. *or* **Qt.**—Quart.

Rec'd.—Received.

Ret'd.—Returned.

Renewal of a note.—Extending its time of payment by taking a new note.

Receipt.—A written acknowledgment of the receipt of money or anything else.

Solvent.—Possessing more than you owe.

Short extend.—To extend figures into the inner money column, or to the left of a money column, if there be but one.

S. B.—Sales Book.

Signature.—Your name written by yourself.

Sgt.—Sight.

Sks.—Sacks.

Stg.—Sterling.

Sq.—Square.

Signs:

%—Per cent.; thus, 10*%*.

@—At; thus, @ $1.50.

8/10—Eight by ten inches.

12/4—Twelve quarters of a yard.

£—Pounds sterling.

$—Dollars.

¢—Cents.

♯—Preceding a figure (thus, ♯ 10), means number.

♯—After a figure (thus, 10♯), means pounds.

〃—Ditto marks. See "Do."

12/31/74—Twelfth month (Dec.) and thirty-first day, 1874.

Tc.—Tierce.

Tare.—A deduction or allowance for weight of packages.

Ult.—Ultimo—last month.

Via.—By way of.

Yds.—Yards.

SET II.—DOUBLE ENTRY BOOK-KEEPING.

INTRODUCTORY.

Having illustrated Single Entry, we now propose to instruct the pupil in the more difficult, but complete Double Entry.

The chief points of difference are these: Single Entry pertains only to the keeping of your accounts with individuals or firms; Double Entry shows your accounts with persons, and also your expenses and losses, your gains and their source. In addition to this, the main feature of every debit having its corresponding credit, creates a safeguard against error.

THE VARIOUS BOOKS AND THEIR USE.

THE DAY BOOK.

1. This book requires but little explanation. Although it is an important book, because, when used without auxiliaries, all entries originate in it, yet its form is much a matter of taste. It is necessary that the various transactions that occur be at once entered upon it in their regular order, with the particulars pertaining to each. In this book we have stated the transactions at length to make everything clear to the learner; but in business the entries may be materially shortened, and still be complete. This will answer where all who have access to the books are experts, but the many omissions and abbreviations, easily understood by them, would bewilder a student if given here. When an error is made in this book, do not attempt to erase it, but run your pen through it, and make a corrected entry elsewhere. By a marginal note, such as, "See entry below," or "See entry, p. —," you may refer to an entry that is made in the place of one that has been cancelled. The Day Book is your best witness when compelled to appeal to the courts for the collection of accounts, and erasures create a doubt as to the accuracy of its records.

2. Sometimes the Day Book is dispensed with, and in its place a Sales Book, Invoice Book, Cash Book, and Bill Book are kept, as we explain and illustrate in a subsequent set.

SET II.—DOUBLE ENTRY BOOK-KEEPING.

JOURNAL.

1. The Journal is a book in which the Day Book transactions are condensed and arranged in a form convenient for posting or transferring to the Ledger with accuracy. Where a Day Book contains items affecting several accounts on the Ledger, it would be difficult to post accurately from it to the Ledger. By the use of the Journal this difficulty is obviated, for in it we give the name of the account that is to be debited, and place opposite to it the amount; then the credit, and opposite to it the amount. If there be a number of debits and credits arising from one transaction, we give the name of each account that is to be debited and credited, with the respective amounts opposite.

2. To illustrate the use of the Journal, we take the following Day Book Entry:

Bo't of James Brown, for Cash,
10 bbls. Flour, - - - - - - - - - - - - @ $7.50 $75.

The Journal of this transaction would be—

Mdse. account, Dr. - - - - - - - - - - - -	75	
To Cash account, - - - - - - - - - - - -		75

3. It is essential that the Day Book should give particulars of every transaction; and to prevent omissions and errors in posting to the Ledger, it is equally important to get rid of these particulars. This is accomplished by the use of the Journal, which divests the Day Book entry of everything but the name of the account to be debited and the amount, and the name of the account to be credited and the amount.

4. The Journal is ruled with double money columns—the one on the left being for amounts to be posted to the debit side of their respective accounts on the Ledger, and the one on the right for amounts to be posted to the credit side of their respective accounts. The amount to be debited or credited should be the first thing posted in the Ledger account. The debits and credits of each Journal entry must be equal in amount.

SET II.—DOUBLE ENTRY BOOK-KEEPING.

THE LEDGER.

1. The numerous transactions which fill many pages of the Day Book are condensed into a small space in the Ledger, so that the condition of an account may be seen at a glance. The cost of all goods you buy is gathered on the *Dr.* side of the Mdse. acc't, and the amount of sales on the *Cr.* side. If all the goods are sold, the difference between the cost and sales represents your gain or loss on Mdse. In the Cash acc't you gather on one side all the money received, and on the other, all the money paid out, and the difference between these amounts is the balance on hand. In the Bills Rec. acc't you gather all notes received on one side, and on the other, all notes that are paid and handed back to those who issued them. The difference between the notes received and those paid is the amount of notes you hold against others.

2. Accompanying the Ledger is a small book called the Index, trimmed so as to display the letters of the alphabet, one of which is pasted on each page. In it you write the name of an account and its page before it is opened. Thus, if you are to open an account with H. K. Thurber & Co. on p. 5 of the Ledger, you first turn to the page of this book on which the letter T is pasted and enter it, "Thurber, H. K. & Co., 5."

3. The Ledger is ruled with a triple line down the centre to separate the *Dr.* and *Cr.* sides. The space to the left of this line is for debits, and to the right for credits. Each side is subdivided, and has columns for the month, day of the month, explanations, folios, dollars and cents.

4. In Single Entry books we keep but one class of accounts, viz., Personal; while in Double Entry, three classes are kept:

First, Personal accounts with firms, corporations, or individuals.

Second, Property accounts, to show cost and revenue from Real Estate, Mdse., Bank Stock, Steamers, &c.

Third, Profit and Loss accounts, to show losses, expenses, and gains.

All gains, losses, and expenses may be kept under one head, or under different heads, such as EXPENSE, INTEREST, RENT, TAXES, &c.

SET II.—DOUBLE ENTRY BOOK-KEEPING.

RULES FOR JOURNALIZING.

Ques. 1. What is the general Rule governing all Journal entries?

Rule 1. The Debits and Credits of every Journal entry must be equal in amount.

Ques. 2. What is the Rule for opening entries?

(See ¶¶ 1 and 2, p. 26.)

Rule 2. The Stock acc't represents myself, and must be debited for what I owe, and credited for what I possess.

Ques. 3. When do you debit a personal account?

(See ¶ 3, p. 26.)

Rule 3. When a person gets into my debt, or I get out of his debt, he is Dr. for the amount?

Ques. 4. When do you credit a personal account?

(See ¶ 3, p. 26.)

Rule 4. When I get into a person's debt, or he gets out of my debt, he is Cr. for the amount.

Ques. 5. What is the general Rule for receiving and delivering property?*

Rule 5. The thing received is always Dr.; the thing delivered is always Cr.

Ques. 6. What is the special Rule for debiting property accounts?

(See ¶ 4, p. 26.)

Rule 6. When property becomes mine, I debit it for its cost or value, and if it costs me anything afterwards, I debit it for that cost.

Ques. 7. What is the special Rule for crediting property accounts?

Rule 7. When property brings me in anything, I credit it with the amount, and when it ceases to be mine, I credit it with its value, or what I receive for it.

Ques. 8. What is the Rule for debiting and crediting Profit and Loss?

Rule 8. Profit and Loss account is always debited when I lose, and credited when I gain.

* The things received and delivered usually consist of Cash, Mdse., and Notes, and the learner in reading a Day Book entry should, first of all, ascertain if anything had been received or delivered in the transaction.

Ques. 9. What is a Bill Receivable?	*Rule 9.* Any obligation on paper which I hold against others is a Bill Receivable.
Ques. 10. What is a Bill Payable?	*Rule 10.* Any obligation on paper held by others against me is a Bill Payable.
Ques. 11. What is classed under the head of Mdse.?	*Rule 11.* All goods that I buy to sell again.
Ques. 12. What is classed under the head of Cash?	*Rule 12.* All checks, sight drafts, bank notes, or anything that is equivalent to money.

1. Where the term "Stock" is used in the Journal or Ledger, it always refers to the account representing myself, and in which I keep a record of the capital I have invested. It never refers to goods in store.

2. The first entry on a Day Book, when beginning business, is a statement of what you are worth, and what you owe, and we term it your opening entry. Sometimes, when the items are numerous, two entries are made, one of which shows your Effects and the other your Liabilities. Rule 2 applies to these opening entries, and so rarely to any subsequent ones that we say to the learner: "As soon as you have journalized the opening entry or entries, set Rule 2 aside."

3. The attention of the teacher is directed to Rules 3, 4, 5, and 6, in Set I., p. 7. If the condensed Rules we now give are not readily understood, it may assist the learner to make use of those on p. 7.

4. Another Rule for debiting and crediting property accounts is, "The receiving account is Dr. to the imparting account." That is, an account receiving a benefit is debtor to the account imparting it. Thus, if you sell a bbl. of Flour for cash, Mdse. acc't imparts the benefit, and Cash acc't receives it; therefore, the entry would be—

Cash, Dr.
To Mdse.

SET II.—DOUBLE ENTRY BOOK-KEEPING.

DIRECTIONS TO TEACHERS.

1. Let the pupil write up the Day Book for the month of January only. It is our experience that he will obtain a clearer understanding of the routine of Book-keeping by carrying the business a month at a time, from the Day Book through the Journal to the Ledger.

2. Notify the pupil that the explanations are not to be copied with the Day Book transactions.

3. A line must be drawn to separate the entries, and when the date changes, this line must be double, and the new date must be inserted midway between the marginal line and the dollar column.

4. After the Day Book for January has been written, let the pupil make the Journal entries on a slate. After pointing out any errors he may make, let him repeat the operation as often as may be necessary to insure a thorough understanding of the process. This part of the work requires patience on the part of the teacher, and perseverance on the part of the pupil. The teacher should fully explain the process of Journalizing, showing the pupil how to analyze Day Book entries in order to determine the debits and credits for the corresponding Journal entries, explaining the various Ledger accounts and pointing out the applications of the Rules already committed to memory. Some pupils will be aided and enlightened by such explanations, while others make better progress by following a Rule arbitrarily.

5. When writing up the Journal, leave a blank line between each entry, and rule it as directed in paragraph 3, above.

6. After Journalizing one month, the entries should be compared with the Day Book, and, if correct, should be checked on the Day Book in pencil, on the left of the marginal line. Then post and check, as directed, pp. 38, 39, 40, and so with the months of February and March.

7. We give in the Day Book and Journal of this set a series of questions and answers that are not intended for the pupil to memorize, but as aids to the teacher, who will find them full and complete. The transactions are limited, to enable us to devote more space to explanations.

On commencing business this day, I have the following assets:

√ 4 Cash on hand, - - - - - - - - - - - - - - - - - - $4000

I hold Chas. E. Hill & Co.'s note for - - - - - - - - 1000

Making the total amount I possess - - - - - - - - - - 5000

Ques. 1. This being a statement of what you possess when you begin business, what kind of an entry is it termed?

Ques. 2. What Rule for Journalizing applies to it?

Ques. 3. What does the Rule direct you to do with what you possess?

Ques. 4. Is the $5000 credit for your Journal all you require?

Ques. 5. Do you receive anything into the business?

Note. After sifting the entry, we find Cash account and Bills Receivable account are both debtor to me (Stock acc't); therefore, to form our Journal entry, we say that "Sundry acc'ts are debtor to Stock acc't," and extend the amount into the credit column of the Journal. Cash acc't is Dr. for $4000, which is stated, and the amount extended into the Dr. column, and the same with Bills Rec., which is Dr. for the note we hold against C. E. Hill & Co.

———————— " ————————

My liabilities are:

√ 4 Amount due Belt & Cilley on % - - - - - - - - - - - - 200

Ques. 1. This being the amount you owe on commencing business, what Rule will apply to it?

Ques. 2. What are opening entries?

Ques. 3. What account do you debit for this am't?

Ques. 4. Why?

Ques. 5. What is required to complete this entry?

Ques. 6. You owe Belt & Cilley this amount; look over your Rules and see if you can find one relating to personal accounts.

Note 1. We have endeavored to make our series of "Ques." and "Ans." complete, that they may always be an ever-ready and convenient assistant to the student, and so lessen the labor of the teacher. It may appear to some persons that there is needless repetition in the many ways we endeavor to unfold and fix in the student's mind the various principles, but practical instructors will fully appreciate the advantage of this drilling.

Note 2. The matter in small type is not to be transcribed by the student when writing his Day Book, but is intended as an exercise to assist him in Journalizing, and should have his close attention.

Note 3. The student should read the abbreviations on pp. 19, 20, 21, and use them when he can.

Note 4. As the Journalizing proceeds, each entry must be marked off in ink, as on the left margin of the above entries.

NEW YORK, January 1, 1875. *Dr.* *Cr.* 1

L. F.			
*1	Sundry accounts, Dr. To Stock acc't, - - - - - - - -		5000
1	Cash account, Dr. - - - - - - - - - - - - - - - -	4000	
3	Bills Receivable account, Dr. - - - - - - - - - -	1000	

Ans. 1. An opening entry.

Ans. 2. Rule 2 applies to all opening entries.

Ans. 3. To credit the Stock acc't (which is myself) with the am't.

Ans. 4. No; Rule 1 requires that I must have an am't in the Dr. column to equal the credit.

Ans. 5. Yes; I receive into the business Cash $4000 and Bills Rec. $1000, and by Rule 5 I must debit them.

Note. Observe that we have divested the entry of all surplus matter, leaving only the name of the accounts to be debited and credited, and the amount for each. Read p. 23. Each Dr. and Cr. has a line, that they may be distinct, easily read, and free from danger of error in posting.

	"		
1	Stock account, Dr. - - - - - - - - - - - - - -	200	
4	To Belt & Cilley's account, - - - - - - - - - - -		200

Ans. 1. Rule 2 applies to the opening entries.

Ans. 2. Opening entries are the statements that show what I possess, and how much I owe when commencing business; this and the entry preceding it are the ones I can term opening entries.

Ans. 3. I debit Stock (my acc't), as required by Rule 2.

Ans. 4. I have credited myself with what I possess, and must debit myself (Stock acc't) with the am't I owe.

Ans. 5. Rule 1 requires equal debits and credits, so I must credit some account for $200.

Ans. 6. Rule 6 says, "When I get into their debt I must credit them;" therefore, I credit Belt & Cilley for $200.

Note. In Double Entry an acc't is always Dr. to some other acc't, hence the form of this Journal entry. Stock (my acc't) is Dr. To Belt & Cilley because I owe them this am't.

* The figures in this column are "Ledger Folios" (L. F.), and are inserted only as you post a Dr. or Cr. from this book to the Ledger.

Bo't of H. K. Thurber & Co.

Mdse. per invoice, - - - - - - - - - - - - - - - - - 1110

Our first object being to find the Rules that will enable us to Journalize this entry, let us begin and try each:

Ques. 1. Will Rule 1 apply? *Ques. 3.* Will Rule 3 apply?

Ques. 2. Will Rule 2 apply? *Ques. 4.* Will Rule 4 apply?

Ques. 5. Now you have a credit, but according to Rule 1 a debit is required to complete your entry, and as you have already tried four Rules, and only find one that applies, we must seek further. What does Rule 5 govern?

Ques. 6. Do you receive anything in this transaction?

Note. You may credit a person without entering particulars on the Day Book, as in this entry, as you always have their invoice to refer to in case a dispute should arise. In charging a person with goods sold, you must invariably specify the number of packages, weight, price, and all particulars, for if you are compelled to collect by law you must be able to give items.

11

Bo't of Howell, Barr & Co.

50 bbls. Syrup, - - - - - - - - - - - 2200 galls. @ 45¢. 990

Ques. 1. This entry being similar to the preceding one, can you follow the same Rules?

Ques. 2. Why not open an acc't called "Syrup" and debit it?

Note. Direct the attention of the pupil to the explanations at the Dr. and Cr. side of the Mdse. acc't in the Ledger, and have him understand that the Dr. side shows the cost and charges of Mdse., and the Cr. side the sales. Understanding this assists the learner in the work of Journalizing, and a frequent reference to the Ledger explanations will enable him to remember and understand his Rules.

25

Sold W. H. Crump & Co. for Cash,

10 bbls. Syrup, - - - - - - - - - - - 440 galls. @ 60¢. 264

Let the student try each Rule that he thinks will apply to this entry, and refer to the explanations at the head of Cash and Mdse. acc'ts in the Ledger; then ask

Ques. 1. What do you exchange with Crump & Co.?

Ques. 2. Have you any Rule for receiving and delivering property?

Ques. 3. What does it require you to do in this transaction?

L. F.			
2	Mdse. account, Dr. - - - - - - - - - - - - - - -	1110	
5	To H. K. Thurber & Co.'s account, - - - - - - - -		1110

Ans. 1. Yes, partly, as it applies to every entry, but more particular Rules are also necessary.

Ans. 2. No; it applies only to opening entries, and as they are Journalized, I have no further use for this Rule.

Ans. 3. No.

Ans. 4. Yes; I get into Thurber & Co.'s debt, and by the Rule must credit them.

Ans. 5. It governs the receiving and delivering of property.

Ans. 6. Yes; I receive Mdse., and by the Rule must debit it, so I make Mdse. Dr. To Thurber & Co., and it completes the entry.

11

2	Mdse. account, Dr. - - - - - - - - - - - - - - -	990	
5	To Howell, Barr & Co.'s account, - - - - - - - -		990

Ans. 1. Yes; Rule 5 requires me to debit Mdse., the thing received, and Rule 4 to credit Howell, Barr & Co. when I get into their debt.

Ans. 2. It would be almost impossible to keep separate accounts for syrup, tea, coffee, sugar, and the numerous other articles usually sold by grocers, and I therefore group or class all goods which I buy to sell again under the head of Mdse.

25

1	Cash account, Dr. - - - - - - - - - - - - - - -	264	
2	To Mdse. account, - - - - - - - - - - - - - - -		264

Ans. 1. I receive Cash in exchange for Mdse.

Ans. 2. Yes; Rule 5.

Ans. 3. It requires me to debit Cash, the thing received, and credit Mdse., the thing delivered.

Note. In business, the word "account" after Cash and Mdse. in the above entry would not be used, although always understood. We continue to use it in this set to impress on the mind of the pupil the fact that this book is only for the names or titles of acc'ts.

Sold T. G. Stewart & Co., on acc't, @ 30 days,
20 bbls. Syrup, - - - - - - - - - - - 880 galls. @ 60¢. | 528

Ques. 1. Do you receive anything?
Ques. 2. Do you deliver anything?
Ques. 3. Do you receive value for the goods?
Ques. 4. What is required of you when any one gets into your debt?

Note. The 5th Rule is often termed "the Common Rule," as it applies to almost every entry. Almost every entry on books shows something received or delivered, and therefore the application of this Rule is more frequent than any other, except Rule 1, which proves every entry, but Journalizes none.

10

Paid Manhattan Gas Co.
Cash in full for gas consumed to date, - - - - - - - - - | 11 25

Ques. 1. Will Rule 5 apply to this transaction?
Ques. 2. Which side of the Cash acc't in the Ledger shows the money paid out?
Ques. 3. Try each Rule, and state which one will furnish the debit that is necessary to complete this entry.

Note. All the expenses of conducting a business are losses, and as such are debited to Profit and Loss acc't, which Rule 8 requires to be debited and credited so as to make it a complete exhibit of the gains and losses. In the payment of a gas bill we receive no property that can be debited by Rule 5, and no person gets into debt that can be debited by Rule 3. It is a necessary loss sustained in business, and as all our gains are credited to Profit and Loss, we must be particular to debit the same account with all expenses and losses. Then at settlement time we find on one side of the Profit and Loss all our losses, and on the other, all our gains, and it is easy to determine what has been made in the concern.

The accounts to be debited and credited must be determined by Rule. It will not do to guess at a debit or a credit, as your Day Book and Journal must harmonize. If your Day Book states that Cash has been paid out, and Cash is *debited* in the Journal, you violate Rule 5, and make your Journal show that it was received.

22

Sold Dunlevy & Bro.
20 bbls. Syrup, - - - - - - - - - - - 880 galls. @ 61¢. | 536 80
Received in payment of the same their note at 60 days.

Ques. 1. Try Rule 5, and see if it will apply.

5	T. G. Stewart & Co 's account, Dr.	528	
2	To Mdse. account,		528

Ans. 1. No.
Ans. 2. Yes; I deliver Mdse., and by Rule 5 I credit it.
Ans. 3. No; but Stewart & Co. get into my debt.
Ans. 4. I am required by Rule 3 to debit him.

Note. The explanations at the head of Mdse. acc't in the Ledger show that all sales must go to the Cr. side of that account, and Rule 5 requires us to credit Mdse. for all goods delivered.

10

6	Profit and Loss account, Dr.	11 25	
1	To Cash account,		11 25

Ans. 1. Yes; it gives me the Cr., as I delivered Cash.
Ans. 2. The Cr. side shows all money paid out.
Ans. 3. The first Rule is used for every entry; the second, only for opening entries when I begin business; the third, only when some one gets into my debt; the fourth, when I get into some person's debt, which is not the case here, as I pay the Gas Co. when they present the bill. The fifth Rule gives me the credit; the sixth and seventh Rules refer to real estate, bank stock, &c.; the eighth Rule will furnish the debit, for I have paid out money without any person getting into my debt, or receiving anything of value in return for it; therefore, I debit Profit and Loss, and by so doing make my debits and credits even.

22

3	Bills Receivable account, Dr.	536 80	
2	To Mdse. account,		536 80

Ans. 1. The fifth Rule will apply, as I receive an obligation on paper, and deliver Mdse.

1. The teacher should explain that the accounts in the Ledger show just what the Rules for Journalizing make them show. Thus, Rule 5 requires a debit when Cash is received; consequently, the Dr. side of Cash shows all money received. The same Rule requires a credit when Cash is delivered, and by following this Rule we make the Cr. side of Cash show all money paid out.

Received of Chas. E. Hill & Co.
Cash in payment of their note due this day, - - - - - - - - 1000

Ques. 1. What Rule is the most general in its application?
Ques. 2. Why?
Ques. 3. Why not credit the parties who paid the money?

Note 1. When a note is received, you keep an account of it just as you do of Cash or Mdse.; that is, you debit it when received (see first entry Jour. 1), and credit it when delivered. The account on the Ledger then shows how many dollars in notes have been received, and how many dollars in notes have been paid out, and by the difference between the two sides of the acc't the amount you still have on hand. See Ques. 9, p. 26.

March 1

Gave Howell, Barr & Co., in settlement of the am't I owe them,
my note at 30 days for - - - - - - - - - - - - - - - 990

Ques. 1. Will the Common Rule (5) apply?
Ques. 2. What Rule will give the debit?
Ques. 3. Why apply Rule 3?
Ques. 4. When you pay this note, what will you debit?

Note 2. When you give out notes that are signed by yourself, you keep an account of them under the head of Bills Payable, as they are your promises, in writing, to pay. See Ques. 10, p. 26. Bills Payable is credited when delivered, and debited when received. As you must first sign and deliver a Bill Payable before you can pay and lift it, the acc't must never be made to show that you paid more notes than you gave out. When you give a person your note, debit him the same as if you had given him the money, and credit Bills Payable—the thing delivered. Unless the entry distinctly states that it is "my" note, no debit or credit to the Bills Payable acc't is proper.

10

Sold Wm. McKown & Co.

10 bbls. Flour, - - - - - - - - - - - -		@	$7.50	$75.00
5 h'f chests Young Hyson Tea, -	330 lbs.	@	1.00	330.00
10 bags Rio Coffee, - - - - - -	1600 ℔	@	23	368.00
				773

Received in payment

Cash, -	273.00
Their note at 30 days for - - - - - - - - - - - -	500.00

Ques. 1. What Rule must be applied?
Ques. 2. What do you receive?
Ques. 3. What do you deliver?

1	Cash account, Dr. - - - - - - - - - - - - - - -	1000	
3	To Bills Receivable account, - - - - - - - - - -		1000

Ans. 1. Rule 5.

Ans. 2. Because in nearly every transaction there is something received and delivered.

Ans. 3. Because I must credit Bills Receivable—the thing delivered.

March 1

5	Howell, Barr & Co.'s account, Dr. - - - - - - - - -	990	
4	To Bills Payable account, - - - - - - - - - - -		990

Ans. 1. Yes; it gives me the credit, for I deliver my note, which is a Bill Payable.

Ans. 2. Rule 3.

Ans. 3. I cease to owe Howell, Barr & Co. anything on book account.

Ans. 4. Bills Payable—the thing received.

10

2	Sundry accounts, Dr. To Mdse. account, - - - - - -		773
1	Cash account, - - - - - - - - - - - - - - - -	273	
3	Bills Receivable account, - - - - - - - - - - -	500	

Ans. 1. Rule 5.

Ans. 2. I receive Cash and a Bill Receivable, both of which I must debit.

Ans. 3. I deliver Mdse., and by Rule 5 that account must have credit.

Note. In this transaction we deliver one thing, and in payment receive two things, which must be debited. To state this entry on the Journal, we must use some term that will show that Cash and Bills Receivable are both debtor to Mdse. The term in general use for this purpose is "Sundries." If we want to refer to several persons, several items, or several things, may we not write "Sundry persons," "Sundry items," and "Sundry things?" "Sundry" means plurality, or more than one, and is used in book-keeping in the Journal and Ledger to indicate when more than one acc't is debtor to another; thus, "Sundry Accounts Dr. To Mdse.," means more than one acc't is debtor; or, "Mdse. Dr. To Sundry Accounts," means more than one credit.

An experienced book-keeper would abbreviate, and only write "Sunds. To Mdse.," or "Mdse. To Sunds."

Sold J. W. Craig
10 bbls. Flour, - - - - - - - - - - - - - - - @ $7.50 | 75
Received in payment his check for $75 on City National Bank.

Ques. 1. What do you receive?
Ques. 2. What is the check the equivalent of?
Ques. 3. What account will you credit?

24

Sold Caskey & Short, Pittsburgh, Pa.,
5 bags Coffee, - - - - - - - - - - - - 800 lbs. @ 23¢. | 184
Received in payment their acceptance payable in 30 days from this date.

Ques. 1. What is received and delivered?
Ques. 2. What accounts will you debit and credit?

Note. Rule 9, p. 26, determines what is classed as Bills Receivable, viz., all obligations on paper which I hold against others. See Form VII., p. 135.

31

Due Robert Bailey, clerk,
For 2 mos. salary, - - - - - - - - - - - - - @ $25.00 | 50

Ques. 1. As you are in debt to Bailey for this amount, what must be done?
Ques. 2. What account can you debit?

Note. You have received nothing that Rule 5 requires you to debit, and it does not appear that any person gets into your debt so that Rule 3 will apply. It is one of the necessary expenses of a business.

"

Paid Robert Bailey
Cash in full to date, - - - - - - - - - - - - - - - - | 50

Note. This entry is introduced to show that it is unnecessary labor to credit a person with the amount due him, and immediately charge or debit him with the same amount. In this case we open an acc't with Bailey and credit it with $50, and in the next entry, on the same day, we have debited or charged him with $50, and by so doing closed his account. This extra labor could have been avoided by making the following entry:

Paid Robert Bailey, clerk,
Cash in full for 2 mos. salary to date.

We did not open an account with J. W. Craig and debit it with the bill sold him on March 17, because, to state it positively, he did not get into our debt, having given his check for $75 immediately.

1	Cash account, Dr.	75	
2	To Mdse. account,		75

Ans. 1. I receive his check.

Ans. 2. Checks on banks are always considered equivalent to Cash, and I therefore debit Cash as the thing received.

Ans. 3. I credit Mdse.—the thing delivered.

Note. Nothing but the Ledger title of accounts are written in the Journal, with the amount that is to go to the respective acc'ts named. Thus, we write "Cash account, Dr.," as above, it being the thing received. We could not write, "Check account, Dr.," as there is no account of that name in the Ledger, but we can class all checks, &c., that are current as money as Cash. See Ques. 12, p. 26.

24

3	Bills Receivable account, Dr.	184	
2	To Mdse. account,		184

Ans. 1. I receive an obligation on paper against another, and deliver Mdse.

Ans. 2. I debit Bills Receivable for the obligation on paper received, and credit Mdse.—the thing delivered.

31

6	Profit and Loss account, Dr.	50	
6	To Robert Bailey's account,		50

Ans. 1. I must credit him, as directed by Rule 4.

Ans. 2. I must debit Profit and Loss, as I have had the benefit of his services, which, although not now of tangible value, assisted me in making a profit.

Note. The expenses of conducting a business are always to be treated as losses, and charged to Profit and Loss. Advertising, gas, and fuel bills, rent, clerk hire, &c., are necessary expenses and must be charged as stated to make the Dr. side of the Profit and Loss acc't show all my expenses and losses.

"

6	Robert Bailey's account, Dr.	50	
1	To Cash account,		50

SET II.—DOUBLE ENTRY BOOK-KEEPING.

DIRECTIONS FOR OPENING, POSTING, AND CLOSING THE LEDGER.

1. By counting the lines reserved on the printed book for each acc't, the amount of space required for each acc't in the manuscript, or blank book, can be easily and safely determined. To avoid crowding, and to make an allowance for mistakes in posting, allow two or three extra lines to each account. Page as in text-book.

2. Write the heading of each account in a neat hand, shading the downward strokes of each letter to give the title prominence. Write the abbreviations *Dr.* and *Cr.* at the top of the page.

3. The explanations in parentheses at the head of each account in the text-book show what the *Dr.* and *Cr.* side of each account represents, and to what class the account belongs. These are intended to assist the pupil in the work of closing the Ledger, but he can use his pleasure as to copying them into his blank book when writing his Ledger titles.

4. Do not let the titles of accounts extend across the date columns, as you want the space to insert the year.

5. The triple line down the centre of the Ledger pages divides them into two parts—*Dr.* and *Cr.* The first left-hand column on the *Dr.* side is for the month; the next, for the day of the month; next, for explanation; next, for Journal page; next two, for dollars and cents. The *Cr.* side is divided in precisely the same way.

POSTING FROM THE JOURNAL TO THE LEDGER.

6. To illustrate this part of the work, we make use of the first entry on the Journal, under date of January 1, 1875:

L.F.		*Dr.*	*Cr.*
1	Sundry acc'ts, Dr. To Stock acc't, - - - - - - - - -		5000
1	Cash acc't, Dr. for - - - - - - - - - - - - - - - -	4000	
3	Bills Receivable acc't, Dr. for - - - - - - - - - - -	1000	

7. First, Stock account is to be credited for $5000. Turn to that account on the Ledger and insert this amount in the dollar column, on

the *Cr.* side of the account; insert the date (January 1) in the date column, placing the year above the month, as in the text-book. Insert in the explanation column what the account is credited "By," for in Double Entry all accounts are debtor "To" or credited "By" some other account. See Rule 1, p. 25. In this entry Sundry acc'ts are Dr. to Stock acc't, and as *an account is always credited "By" the account or accounts that are debtor to it*, we explain this credit of $5000 to the Stock account by writing in the explanation column "By Sundries," *i. e.*, By Several accounts. Next, insert the page of the Journal from which the entry was taken, in the folio column, to the left of the dollar column. To show that the credit of $5000 to Stock has been posted, insert in the Journal, on the same line with the item posted, the page of the Ledger to which it was taken. This completes the posting of the credit. Next is Cash account, Dr. $4000. Turn to the Dr. or left-hand side of the Cash account in the Ledger and insert the amount in the money column, and the date. It being a debit, Cash is Dr. to some other account: *an account is always debtor "To" the acc't (or acc'ts) that is credited.* The Journal entry shows that Stock is credited, and you explain this debit of $4000 in the Cash acc't by writing in the explanation column, "To Stock." Next, insert the Journal page in the remaining column, and, to complete the posting, insert the page of the Cash acc't on the same line with the item posted. This leaves another debit to post. Turn to the Bills Receivable acc't on the Ledger and insert the amount ($1000) in the money column on the Dr. side. Then the date and explanation. Bills Receivable is Dr. and Stock was Cr.; so you explain the debit as you did in the Cash acc't, by writing in the explanation column, "To Stock." Insert the Journal page in the remaining column, and the Ledger page in the Journal.

8. Inserting the Ledger pages of the accounts you post to, serves a double purpose: it is a ready reference to the accounts when checking, and also shows how far you have progressed with the posting; for as far as Journal entries have the Ledger pages attached, so far are they posted.

SET II.—DOUBLE ENTRY BOOK-KEEPING.

CHECKING.

9. After posting the month of January, compare and check the posting from the Journal to the Ledger, to see that each amount has been transferred to the right account, is taken to the proper side of the account, and is the right amount. As each posting is found correct, check it in pencil—thus, √—on the right of the folio column in the Journal, and in the Ledger make a dot (.) in pencil on the double red line to the left of the dollar column, and on the same line with the item that has been examined and found correct. The check marks show what work has been examined, and how far you have progressed with the examination. The teacher should impress the pupil with the importance of this work, and never allow it to be neglected or slighted.

10. After posting and checking your work up to March 31, the correctness of it must be further tested by taking off a Proof Sheet or Trial Balance. See form, p. 49. The object of this is to see that the aggregate debits and credits on the Ledger are equal, as they will be if your work is correct, for every debit has its corresponding credit. It must be known whether the debits and credits are equal *before* attempting to close the Ledger, because this cannot be done unless they are equal. The manner of taking off this Proof Sheet is very simple. First add the Dr. and Cr. sides of all open accounts on the Ledger, and insert the footings of each, in pencil, to the left of the money columns, as shown by the small figures in this book. Next, transfer the footing of the Dr. and Cr. side of each open acc't to the corresponding columns of the sheet, and write the title of the account opposite, as shown in the form given for a guide. After all the accounts are gathered on the Proof Sheet, the Dr. and Cr. columns are footed, and if the footings are not the same, it is evident that an error exists somewhere, and you can go no further until it is found and rectified.

11. The student must commit to memory the "Rules for Closing the Ledger," p. 41, and also the exercises under each account; after which, he is prepared for the work of closing.

SET II.—DOUBLE ENTRY BOOK-KEEPING.

CLOSING THE LEDGER.

12. To determine the results of your business, gather all acc'ts into the Profit and Loss and Balance acc'ts. The former receives the gains and losses, and the latter your effects and liabilities. The Profit and Loss acc't then shows how much you have gained or lost, and this gain or loss, when taken to your acc't (Stock), will show how much is due you for your capital and added profit. After the gain or loss is taken to Stock acc't, Stock is closed into Balance acc't. Balance acc't will show on one side your property and debts due you (effects), and on the other, what your concern owes to others, and to yourself, viz., the am't taken from Stock acc't. The effects will suffice to pay what is due to others, and the am't due you as per Stock acc't; that is, one will balance the other.

RULES FOR CLOSING THE LEDGER.

Note. The learner must commit these Rules to memory.

Rule 1. Personal accounts all close To *or* By Balance.

Rule 2. Property accounts close in two ways:

1st. If all the property is sold or disposed of, then close To *or* By Profit and Loss.

2d. *If all or part of the property remains on hand,* credit the acc't first By Balance for the amount on hand, and *if there still be a difference between the two sides* of the acc't, close it To *or* By Profit and Loss.

Rule 3. Accounts exhibiting gain or loss close To *or* By Profit and Loss.

Rule 4. When Profit and Loss account has received all its transfers, it closes To *or* By Stock.

Rule 5. Bills Payable acc't always closes To Balance for the amount you owe on your notes.

Rule 6. To close an account, write the name of the account it closes into on the lesser side, and carry the amount to the opposite side of the account into which it closes, and write the name of the account that it was taken from. Refer to the transfer from Cash to Balance acc't.

Rule 7. In re-opening an account, the Balance is brought down on the side opposite the closing entry.

13. The pupil must bear in mind that the closing of the Ledger is only for the purpose of determining how much he has gained or lost, and recording the same on his books. It does not alter the accounts that close into Balance, for they are all re-opened by bringing the balance down, which makes each account show the same after closing that it did before. See Belt & Cilley's account as an illustration.

14. Rule 2 is difficult for beginners, and we illustrate its application:

Dr.		MDSE. ACCOUNT.								*Cr.*
×	×	10 bbls. Flour, - -	×	70		×	×	8 bbls. Flour, - -	×	64
×	×	To Profit & Loss, *f.*	×	8		×	×	*By Balance,* - *f.*	×	*14*
				78				78. 70.		78
								Gain, 8.		
		To Bal. bro't down,		14						

If you buy 10 bbls. Flour at $7, Mdse. acc't will be debited with $70, and if you sell 8 bbls. Flour at $8, Mdse. will be credited with $64. You have 2 bbls. Flour on hand that cost $14, and Rule 2 requires you, in closing your Ledger, to *first* credit the account "By Balance" for the value remaining on hand. Then, following the Rule further—"If there still be a difference between the two sides, close it To *or* By Profit and Loss"—we close the acc't by an entry on the Dr. side, "To Profit and Loss." The account shows that the Mdse. cost $70, and that the Mdse. sold and on hand amounts to $78, or $8 more than it cost. The gain is taken to Profit and Loss account, and the 2 bbls. Flour on hand to the Balance acc't, where you are making up a list of your effects. Refer to the Mdse. acc't in the Ledger, and you have another illustration of the application of this Rule. The Mdse. is all disposed of, and it closes "To Profit and Loss." In the Cash acc't you have another illustration. It is credited "By Balance" for the amount on hand, and that entry closes it.

15. Rule 4 requires you to close Profit and Loss into Stock after it has received all its transfers, but this need not be done until all others, except Stock and Balance, are closed.

Dr. (What I owe) **STOCK** (Representing myself) **ACCOUNT** (What I possess) **Cr.**

1875.						1875.					
Jan.	1	To Belt & Cilley, - - -	1	200		Jan.	1	By Sundries, - - - - -	1	5000	
Mar.	*31*	" *Bal.** (net cap.), *fol.*	*7*	*4999*	*55*	Mar.	31	" Profit and Loss, fol.	6	199	55
				5199	55			5199.55			
								200.			
								4999.55		5199	55
						Apr.	1	By Bal. bro't down, - -		4999	55

1. What do you post to Dr. side of St'k acc't?
2. What to the Cr. side?
3. When do you close it?
4. How does it then close?
5. What does *fol.* or *f.* indicate when placed before a figure in the folio column?
6. Are the entries marked *f.* or *fol.* passed through the Journal?

1. What I owe.
2. What I possess.
3. After Profit and Loss closes into it.
4. To *or* By Balance.
5. A transfer from one account to another on the face of the Ledger.
6. No; a Dr. and Cr. entry is made in the proper accounts in the Ledger.

Note. In closing the Ledger, the Stock acc't is the last account closed, except the Balance. All accounts showing gain or loss must be closed into the Profit and Loss acc't, which is kept open to permit this. The difference between the two sides of the account, which is either gain or loss, is yours, and must be carried to your acc't (Stock). After the gain or loss is entered, compare the difference between the two sides of "Stock" with the difference between the two sides of the "Balance" acc't, and if both accounts show the same result, your work is correct, and you then close Stock acc't into Balance. This makes both sides of your Balance acc't even, and completes the closing of your Ledger. Notice that the balance is brought down after the acc't was closed. By the closing, the result of your business up to and including March 31 was recorded, and on the next day, April 1, the net amount you then possess is brought down to continue the business. The entry, "Bal. bro't down," is treated as if it was such an entry as was made when you began business, Jan. 1.

(All money received) **CASH** (Property) **ACCOUNT** (All money paid out.)

1875.						1875.					
Jan.	1	To Stock, - - - - - - -	1	4000		Feb.	10	By Profit and Loss, - - -	3	11	25
"	25	" Mdse. - - - - - - -	2	264		Mar.	31	" Robt. Bailey, - - - -	5	50	
Feb.	27	" Bills Rec. - - - - -	4	1000		"	"	" *Balance*, - - - *fol.*	7	*5550*	*75*
Mar.	10	" Mdse. - - - - - - -	4	273				61.25			
"	17	" do. - - - - - - -	5	75							
		5612.									
		61.25		5612						5612	
		5550.75									
Apr.	1	To Bal. bro't down, - -		5550	75						

1. What does Dr. side of Cash acc't show?
2. What does the Cr. side show?
3. What does the difference represent?
4. How does it close?
5. How will it stand if all your money is paid out?
6. Can it ever close "To Balance?"

1. All Cash received.
2. All Cash paid out.
3. The Cash on hand.
4. Always "By Balance." Rule 2, p. 41.
5. Even, or self-closed.
6. No; I cannot pay out more money than I receive.

* See Ques. 1 and 2, Park Bro. & Co. acc't, p. 15.

SET II.—DOUBLE ENTRY LEDGER.

Note on Closing Cash Account.—As we cannot close Stock acc't first, it must be left open until you get all others closed, except Balance. Cash acc't being next in order on the Ledger, you proceed to close it. Add the Dr. and Cr. sides, inserting the amount in *pencil* figures to the left of the folio columns, as shown by the small figures in the preceding account. Deduct the lesser from the greater amount, and the remainder is the balance of Cash on hand. As you are making up a list of your effects and liabilities in the Balance acc't, and this balance of cash on hand—$5550.75—is part of your effects, you therefore make an entry on the Cr. side of your Cash acc't to take it there. Enter in *red ink*, and to show where it is taken to, explain it thus: "Mar. | 31 | By Balance, - - fol. | 7 | 5550 | 75." This gives your reason for making a credit in the Cash acc't when no money is paid out, and the explanation given is equivalent to saying: On Mar. 31 I took to Balance acc't on fol. 7 $5550.75 to assist in making up a complete list of my effects and liabilities. The entry is in *red ink*, because it is only borrowed, and is entered thus conspicuously that its return cannot easily be overlooked and your books thrown out of balance. Use red ink for making balance entries and ruling purposes only. Draw a footing line first under the longest column, and then, without lifting or changing your ruler, draw another across the dollar and cent columns opposite. Care must be taken not to get one footing line an inch or so higher up the page than the other. Insert the footings *below* the footing lines, and *one line below* the footings, draw the closing lines, which consist of double lines, across the dollar and cent columns, and a short line in the left of each explanation column. The amount of cash this account shows you to have must be taken to the Dr. side of the Balance acc't, as that is the side on which the list of effects is made up. In the Balance acc't you must give the name of the account from which this effect was taken; thus, "Mar. | 31 | To Cash, - - fol. | 1." Now turn to the Cash acc't, and bring down on the Dr. side the amount—$5550.75—which you borrowed to help make up the Balance acc't.

This completes the closing of Cash, and is the first step taken in closing the Ledger. Notice that the standing or showing of it has not been changed. The Dr. side, which was the largest before closing, is the largest after closing.

(Purchases) MDSE. (Property) ACCOUNT (Sales).

1875.						1875.					
Jan.	5	To H. K. Thurber & Co. -	2	1110		Jan.	25	By Cash, - - - - - - -	2	264	
"	11	" Howell, Barr & Co. -	2	990		Feb.	1	" T. G. Stewart & Co. -	3	528	
		2100.				"	22	" Bills Receivable, - -	3	536	80
Mar.	31	" Profit and Loss, - fol.	6	260	80	Mar.	10	" Sundries, - - - - -	4	773	
						"	17	" Cash, - - - - - -	5	75	
						"	24	" Bills Receivable, - -	5	184	
								2360.80			
				2360	80			2100.		2360	80
								260.80			

1. What does the Dr. side of the Mdse. acc't show?
2. What does the Cr. side show?
3. To what class of accounts does it belong?
4. How does it close if all goods are sold, as is now the case?

1. The cost and charges of all goods bought to sell again.
2. All sales.
3. Property acc't.
4. As directed by Rule 2, p. 41—To *or* By Profit and Loss.

SET II.—DOUBLE ENTRY LEDGER.

Note on Closing Mdse. Account.—Rules 2 and 3 require you to close all accounts that exhibit gain or loss into the Profit and Loss acc't. See p. 41. Consider if this account shows either. If the Dr. side shows that you bought $2100 worth of goods, and the Cr. side shows that you sold the same for $2360.80, the increase of $260.80 must be gain. If you are making up a list of your losses and gains in the Profit and Loss acc't, the list will not be complete without this gain is added, and therefore the Rules on p. 41 require it to be closed into that account. The Mdse. acc't has been kept to show what has been made on your sales, and, as stated above, it has served your purpose. To take the gain to the Profit and Loss acc't, the closing entry must be made on the lesser side of the acc't, which, in this case, is the Dr., and to explain, write, "Mar. | 31 | To Profit and Loss, - - fol. | 6 | 260 | 80." Draw footing and closing lines. Turn to the Profit and Loss acc't, and stop to think on which side of it the gain must be entered. As all gains are taken to the Cr. side, enter the amount—$260.80, and explain it thus: "Mar. | 31 | By Mdse. - - fol. | 2," to show what it is and where obtained. *You have no Balance to bring down, as in the Cash acc't.* As you go on with the business, use the Mdse. acc't, without making a new heading, and keep it for another period to show your profits.

(Notes received) BILLS (Property) RECEIVABLE (Notes given up).

1875.					1875.				
Jan.	1	To Stock, - - - - - -	1	1000	Feb.	27	By Cash, - - - - - -	4	1000
Feb.	22	" Mdse. - - - - - -	3	586 80	*Mar.*	*31*	" *Balance,* - - - *fol.*	7	*1220 80*
Mar.	10	" do. - - - - - -	4	500					
"	24	" do. - - - - - -	5	184					
		2220.80							
		1000.							
		1220.80		2220 80					2220 80
Apr.	1	To Bal. bro't down, - -		1220 80					

1. What does the Dr. side of Bills Rec. acc't show?
2. What does the Cr. side show?
3. How will it stand when all are given up?
4. What class of accounts does it belong to, and how does it close?

1. Notes (or other obligations on paper) of others received.
2. Notes that have been paid and given up.
3. Even, or self-balanced.
4. It is a property acc't, and closes "By Balance," if I have any notes on hand unpaid.

Note. This account is closed as directed by the second part of Rule 2, p. 41. The difference between the Dr. and Cr. sides shows the notes remaining on hand unpaid, and, as directed by the Rule, you credit the account "By Balance, fol. 7," for the difference, and draw closing and footing lines, as usual; after which, the amount is carried to the Dr. side of Balance acc't, and there explained, "Mar. | 31 | To Bills Rec. - - fol. | 3." Then return to Bills Rec. acc't, and bring the Balance down on the side *opposite* your red ink entry. Abbreviate it, as shown above. This account is always debited and credited with the actual amount named in the obligation, and any gain or loss in receiving or delivering it is recorded at the time in some other account. The Cr. side of this account must not be made to show that you collected more notes than you held. Where one side of an account is longer than another, the blank space on the short side is filled with a short red line, opposite the footing line, as shown above.

Dr. (My notes taken up) **BILLS** (Special) **PAYABLE** (My notes given out). *Cr.*

1875.						1875.				
Mar.	31	*To Balance,* - - - - *fol.*	7	990		Mar.	1	By Howell, Barr & Co. -	4	990
						Apr.	1	By Bal. bro't down, - -		990

1. What does the Cr. side of Bills Payable acc't show?
2. What does the Dr. side show?
3. How will it stand when all notes are paid?
4. How will it close if you still owe something on your notes?
5. Can it ever close "By Balance?"

1. All obligations on paper given out.
2. All that I have paid and taken up.
3. Even, or self-balanced.
4. To Balance, for the difference between the Dr. and Cr. sides.
5. No; for I would not pay more notes than I gave.

Note on Closing.—This account is closed according to Rule 5, p. 41, and as it shows the exact face value of all notes or other obligations on paper held by others against you, we ascertain from it that you owe $990 on a note. Close it "To Balance," as directed by Rule, and carry the amount to the Cr. side of Balance acc't, where you are making up a list of what you owe. Turn back to Bills Payable, and bring down the balance to the Cr. side. Notice that the "Bal. bro't down" is always on the side opposite your closing or red ink entry, and remember that the entry you made to close the account is only a temporary one, to assist you in making up your Balance acc't. You charged Bills Payable with $990 for that purpose, and not because you paid the note. Therefore, you re-open the account, and make it show by the "Bal. bro't down" that you still owe a note for $990. You must not think closing an account is useless work because the account is unchanged when re-opened by bringing down the balance. Closing the Ledger at regular intervals is necessary to secure accuracy, and to learn your gains or losses, and closing the accounts is recording plainly for future reference that they have been verified up to date of closing. As you have nothing to add, footing lines are not needed, so you draw the closing lines on the next line below the figures.

(What they owe me) **BELT** (Personal) **& CILLEY** (What I owe them).

1875.						1875.				
Mar.	31	*To Balance,* - - - - *fol.*	7	200		Jan.	1	By Stock, - - - - - -	1	200
						Apr.	1	By Bal. bro't down, - -		200

1. What do the Dr. and Cr. sides of Belt & Cilley's acc't show?
2. What class of accounts does it belong to?
3. How do all personal accounts close?

1. The Dr. side shows what they owe me, and the Cr. side what I owe them.
2. Personal.
3. Either To *or* By Balance. Rule 1, p. 41.

Note on Closing.—You owe Belt & Cilley $200, which, according to Rule 1, must be closed into Balance. As the Dr. side is the smallest, you debit the account with $200, giving, as usual, the date of closing and the explanation, "To Balance, fol. 7"—all in red. Turn to the Balance acc't and enter the am't and the explanation on the Cr. side. When a Balance entry in red is made on the Dr. side of any acc't, it is always taken to the opposite or Cr. side of Bal. acc't. Turn to Belt & Cilley's acc't and re-open it so as to show that the red ink entry did not pay the am't you owe them. This is done by bringing down the balance on the Cr. side of the acc't in the regular way, as shown above. Never write "Bal. bro't down" in red ink.

5

Dr. (My acc't agst. them) **H. K.** (Personal) **THURBER & CO.** (Their acc't agst. me) ***Cr.***

1875.						1875.					
Mar.	*31*	*To Balance,* - - - - *fol.*	7	*1110*		Jan.	5	By Mdse. - - - - - - -	2	1110	
						Apr.	1	By Bal. bro't down, - -		1110	

1. What do the Dr. and Cr. sides of H. K. Thurber & Co.'s account represent, and what class of accounts does it belong to?
2. How do all personal acc'ts close?
3. What is the reason for the Rule?

1. The Dr. side shows my account against them, and the Cr. side their account against me, and it is classed as a personal acc't.
2. To *or* By Balance, as in Rule 1, p. 41.
3. Personal acc'ts either show what others owe me or what I owe others, and in either case must be taken to the Balance acc't.

Note. Accounts of Belt & Cilley, Thurber & Co., Howell, Barr & Co., Stewart & Co., and Bailey all belong to the class called Personal acc'ts.

Note on Closing.—Where there is nothing to add in an acc't, draw regular closing lines one line below the figures, *i. e.*, a double red line across the money columns, and a short line, called a "blank," in the left corner of each explanation column, to fill the blank space there. Draw the lines across the dollar and cent columns without lifting the pen.

(What I pay them) **HOWELL,** (Personal) **BARR & CO.** (What I buy of them)

1875.						1875.					
Mar.	1	To Bills Payable, - - -	4	990		Jan.	11	By Mdse. - - - - - - -	2	990	

Note. You settled with this firm, and as the sides of their acc't balanced, it required only the usual ruling to close it. Closing an acc't when settled, records the adjustment to that date in a way that obviates the necessity of referring to it when making a future settlement, thus saving much labor in examining items that have no bearing on the matter.

(What I sell them) **T. G.** (Personal) **STEWART & CO.** (What they pay me)

1875.						1875.					
Feb.	1	To Mdse. - - - - - - -	3	528		*Mar.*	*31*	*To Balance,* - - - - *fol.*	7	*528*	
Apr.	1	To Bal. bro't down, - -		528							

1. How do all personal acc'ts close?
2. How will Stewart & Co.'s close if the Dr. side is largest?
3. To which side of Balance acc't is the am't taken?

1. According to Rule 1, p. 41, To *or* By Bal.
2. By Balance, as it takes a Cr. to close it.
3. It is a Cr. here, and must be a Dr. there.

Note on Closing.—The closing entry is dated Mar. 31, but the Balance, which is bro't down immediately, is always dated the next day. Notice above that the amount bro't down is dated April 1. It is customary to date the Balances bro't down one day ahead, as it saves the trouble of writing "April" after the "Bal. bro't down." We have closed all the Personal accounts, in order that the student may not be confused by exceptions to a Rule until he fully understands the Rule itself. In Sets III. and IV. we show that this need not be done.

Dr. (When I get out of his debt) **ROBT.** (Personal) **BAILEY.** (When I get into his debt) *Cr.*

1875.						1875.					
Mar.	31	To Cash, - - - - - - -	5	50		Mar.	31	By Profit and Loss, - -	5	50	

Note. Both Dr. and Cr. sides are equal, and only require closing lines to mark the settlement. Refer to Howell, Barr & Co. acc't, p. 47.

(All expenses and losses) **PROFIT AND LOSS.** (All gains)

1875.						1875.					
Feb.	10	To Cash, - - - - - - -	3	11	25	Mar.	31	By Mdse. - - - - fol.	2	260	80
Mar.	31	" R. Bailey, - - - - - 61 25	5	50				Whole gain, 260.80			
"	"	" Stock (net gain), fol.	1	199	55			Whole loss, 61.25			
				260	80			Net gain, 199.55		260	80

1. What does the Dr. side of Profit and Loss show?	1. All my expenses and losses.
2. What does the Cr. side show?	2. All my gains.
3. What does the difference represent?	3. Either my net gain or my net loss.
4. Which of the closing Rules on p. 41 applies?	4. Rule 4.
5. Why close this account into Stock instead of Balance acc't?	5. The profits of the business belong to me, and must go to my credit in Stock acc't.
6. When do you close this account?	6. Not until all other accounts, except Stock and Balance, are closed.
7. Why delay the closing until the last?	7. I must keep it open to receive any gains or losses from other accounts on my Ledger.

Note on Closing.—Profit and Loss acc't is the record of your gains and losses from the time of one Ledger closing to another. In place of debiting and crediting all losses and gains to your own account (Stock), where they would be entangled with other items, you keep them in this special account, where at closing time you sum them up, and, as shown above, ascertain your net gain, which is taken to the Stock acc't, and the footing and closing lines are then drawn in this account. You have nothing to bring down, as the gain has been carried to your own acc't (Stock) and absorbed by it. Balance entries are only borrowed, and when the acc't from which an entry is borrowed is re-opened, the amount must be returned to make it show the same as it did before closing; but transfers to Profit and Loss are permanent—there is no return, as the gain finally goes to your acc't as an increase of capital. You continue this acc't under the same heading by posting any debits or credits you may have, immediately under the closing lines. The same heading will answer as long as there is space under it.

Various explanations have been repeated in modified form throughout this set. This has been done because an explanation which is readily understood by one learner may be difficult of comprehension by another. Our experience is that the pupil beginning the study of book-keeping requires, at the outset at least, all the instruction we have given. The experienced teacher will quickly appreciate the pains we have taken to simplify the work.

Dr. (*Effects*) (All that I am worth) **BALANCE ACCOUNT.** (*Liabilities*) (What my concern owes) *Cr.*

1875.						1875.					
Mar.	31	To Cash, - - - - - fol.	1	5550 75		Mar.	31	By Bills Payable, - - fol.	4	990	
"	"	" Bills Receivable, - "	3	1220 80		"	"	" Belt & Cilley, - - "	4	200	
"	"	" T. G. Stewart & Co. "	5	528		"	"	" H. K. Thurber & Co. "	5	1110	
		7299.55 2300.				"	"	2300.			
		Net cap., 4999.55						" Stock (net cap.), - "	1	4999	55
				7299 55						7299	55

1. What is transferred to the Dr. side of Balance?
2. What to the Cr. side?
3. What does the difference between Dr. and Cr. sides show?
4. How and when is it closed?

1. All my property and debts due me.
2. All debts that I owe.
3. My net capital, unless I owe more than I can pay.
4. The transfer from Stock makes the sides equal, and it is the last account closed.

Note on Closing.—This account was opened on Mar. 31 for the purpose of concentrating and recording all your effects and liabilities at that date. The Stock acc't will show the net amount you are worth, but gives no details. The Balance acc't does. Examine the acc't and see if it does not show how much Cash you have, the amount due on Bills Receivable, the amount due you on book acc't, and by whom; and on the Cr. side, what you owe on notes, on book acc'ts, and to whom you owe it. Both Stock and Balance showing the same *result* (that is, the difference between the two sides of each of the accounts showing the net amount you are worth, or your net capital, as it is usually termed), they must show the same *amount*, if your work is correct. Before the closing entry is made in ink, see that the balance of the Stock acc't will exactly close the one above.

PROOF SHEET, March 31, 1875.

		Dr.		*Cr.*	
1	Stock,	200		5000	
"	Cash,	5612		61	25
2	Mdse.	2100		2360	80
3	Bills Receivable,	2220	80	1000	
4	Bills Payable,			990	
"	Belt & Cilley,			200	
5	H. K. Thurber & Co.			1110	
"	T. G. Stewart & Co.	528			
6	Profit and Loss,	61	25		
		10722	05	10722	05

Note. If the debits and credits are not equal, your books will not close—a fact that will remain undiscovered until you are about to close the last account. To determine whether your debits and credits are equal before attempting to close your books, a list like the above must be made up on a loose sheet of bill paper, which will embrace all the accounts that remain open on your Ledger. Here we only take off a proof sheet previous to closing the Ledger, but in business, to get timely notice of error, one should be taken off each month. If the debits and credits do not agree, it is evident you have made an error somewhere, which must be found and rectified at once. See ¶ 1, p. 74. All closing entries bear the date of the proof sheet, viz., March 31. See ¶ 10, p. 40.

SET II.—DOUBLE ENTRY BOOK-KEEPING.

QUESTIONS FOR REVIEW.

The pupil should be required to write the answers to the following questions:

Ques. 1. What is the difference between Single and Double Entry Book-keeping?
2. What books are used in Double Entry?
3. What is the Day Book used for?
4. What is the Journal used for?
5. What is the Ledger used for?
6. REPEAT the Rules for Journalizing?
7. What is the difference between a Bill Receivable and a Bill Payable?
8. Where is a transaction generally first recorded?
9. Then what book is it taken to?
10. What is the last book into which it is condensed?
11. After posting the Journal to the Ledger, what do you do next?
12. After checking, what?
13. REPEAT the Rules for closing the Ledger?
14. When do you use red ink in the Ledger?
15. What does *fol.* or *f.* mean when attached to an entry in the Ledger?
16. What is the "Proof Sheet" for?
17. If your debits and credits are not equal in am't on the "Proof Sheet," will your books close?
18. What is the object of closing the Ledger?
19. What account receives all your gains and losses?
20. In what account do you make up a list of your property and debts due you?
21. In what account do you make up a list of the debts you owe?
22. What was the net capital at the time your books were closed, and what account shows it?
23. What was your net gain, and what account shows it?
24. How much Mdse. did you buy?
25. What did you sell it for?
26. How much profit did you realize on the Mdse.?
27. How much Cash did you receive? How much did you pay out?
28. How much Cash was on hand when your books were closed?
29. What amount of Bills Receivable had you at time of closing?
30. How much do you owe on your notes?
31. What is the total amount of your "Effects?" Of your "Liabilities?"
32. What acc't will show in detail what you are worth and what you owe?

SET III.—DOUBLE ENTRY BOOK-KEEPING.

INTRODUCING AND ILLUSTRATING THE USE OF THE INVOICE BOOK, SALES BOOK, CASH BOOK, AND BILL BOOKS, AS USED AND KEPT IN INDIVIDUAL BUSINESS.

RULES FOR JOURNALIZING, WITH EXERCISES SHOWING THEIR APPLICATION—CLASSIFICATION OF ACCOUNTS—DIRECTIONS TO TEACHERS, ETC.

INTRODUCTORY.

1. Having in the preceding exercises and practice made the learner familiar with the Day Book, Journal, and Ledger, he is now ready to have his attention directed to the use of auxiliary books.

2. In Set II. all transactions were entered on the Day Book; but this plan will only answer for a small or limited business, in which the transactions are few, and can be entered by one person. In any large business other books beside the Day Book, Journal, and Ledger must be kept. Thus, if the purchases are numerous, or the invoices long, a book called the Invoice Book must be kept; if sales are numerous, and most of the bills long, a Sales Book must be kept. To enable the book-keeper to balance his cash as often as necessary, a book called the Cash Book is kept. If many notes are received, or many given, a Bill Book is kept. These books are called auxiliary books, or aids to the Day Book; and instead of the book-keeper finding all the transactions entered on his Day Book for him to journalize and post, he must gather them himself from the various auxiliary books, and make up his Day Book for each day's business.

3. Here, in the beginning, we desire to caution learners not to think that they can make an entry of any transaction that has resulted from a previous one without first consulting their books to ascertain how they entered the first or previous transaction with the same party or property.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

RULES FOR JOURNALIZING,

WITH EXERCISES SHOWING THE APPLICATION OF THEM.

The Day Book entries and Rules are given on pages 53 to 66, and the Journal entries on pages 66 to 71.

DIRECTIONS TO TEACHERS AND LEARNERS.

Read classification on page 72, and directions on page 73.

Require the pupil to commit to memory all Rules for journalizing.

In journalizing the following Day Book entries, the pupil must not look at the Journal entries we have given until after he has made up a Journal of his own on a loose sheet of paper, or on a slate. He must not attempt to make any corrections until after the teacher has seen his work. Any correction made from the text-book without notice to the teacher deprives him of an opportunity to explain the entry

The following exercises should be read by the pupil before he attempts to journalize the Day Book entries that are given to show the application of each Rule.

All Rules referred to by number should be examined as often as required, in order to have the pupil follow them. With a little practice, he will become so familiar with his Rules as to be able to recite them by number.

The answers must be numbered, as in the following pages.

While a pupil is giving close attention to the wording of a Journal entry, he is apt to be a little careless in extending the amounts into the debit and credit columns. When the teacher discovers errors of this kind, he should notify the pupil, and direct him to *find* and *correct* them.

Each Rule is followed by a note of explanation, which the pupil should read carefully, and then refer to the entries that follow.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

RULES FOR JOURNALIZING, WITH EXERCISES.

What is the general Rule regulating the debits and credits?

Rule 1. The debits and credits of every Journal entry must in amount be equal.

What is the Rule for opening books?

Rule 2. The Stock account represents myself, and must be debited for what I owe, and credited for what I possess.

EXERCISES SHOWING THE APPLICATION OF RULE 2.

Question 1.

My capital, commencing the Grocery business this day, consists of Cash in hand, -	5000

The above is an opening entry in the Day Book. Rule 2—the Rule for opening books—directs you to credit Stock for what you possess. The general Rule for receiving and delivering property—Rule 5—requires you to debit Cash, it having been received into the business. See that the debits and credits are equal, as required by Rule 1.

Question 2.

My effects, or capital, commencing business this day, consist of—		
Cash in hand, - - - - - - - - - - - - - - - - - -	$1000.	
Mdse. in store, - - - - - - - - - - - - - - - - - -	1000.	
W. H. Sadler owes me on his note, - - - - - - - - -	1000.	3000

Rule 2 directs you in making an entry of the $3000 capital. Cash and Mdse. having been received into the business, must be entered as directed by Rule 5. The amount due on note must be disposed of as directed by Rule 5. Carefully note the difference between Bills Receivable and Bills Payable. See Rules 9 and 10, p. 26. Remember that you must class all notes received from customers and others as Bills Receivable, and all notes that you sign and pay out as Bills Payable.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

Question 3.

My effects, commencing business this day, consist of—		
Cash in hand,	$1000.	
Mdse. on hand in store,	2000.	
W. H. Sadler owes me on book acc't,	3000.	
W. H. Sadler owes me on his note,	4000.	10,000
My liabilities, or debts owing by me, on commencing business, consist of—		
Am't due R. P. Duff on my note,	$1000.	
" " R. P. Duff on book acc't,	1000.	
" " Wm. H. Duff on book acc't,	1000.	3000

Enter the amount of your effects as directed by Rule 2. The Cash, Mdse., and Note received into the business must be entered as directed by Rule 5. For the am't due on book acc't by Wm. H. Sadler, Rule 3 will be your guide.

Enter the amount of your liabilities as directed by Rule 2, and the amount you owe R. P. and Wm. H. Duff on book acc't as directed by Rule 4. Rule 5 directs how the Note delivered must be entered.

Question 4.

My effects, commencing business this day, consists of—		
Cash in hand,	$100.	
40 shares Keystone Bank Stock, @ $50 per share,	2000.	
J. R. McGinley owes me on his bond and mortgage,	900.	3000

Rule 6 will enable you to enter the Bank Stock.

Question 5.

My effects, commencing business, consist of—		
Cash in hand,	$900.	
Mdse. on hand in store,	1,100.	
100 shares German Insurance Co. Stock,	5,000.	
I own one-half the steamer Paragon, worth	15,000.	
I own House and Lot No. 49 Fifth avenue,	15,000.	37,000

What is the Rule for debiting Personal accounts?

Rule 3. When a person gets *into* my debt, he is debtor for the amount. When I get *out* of his debt, he is debtor for what I pay or cease to owe him.

Note. Here we have two cases in which a Personal account can be debited: *First,* When a person gets Mdse., or anything of value, without immediately paying for it, he gets into your debt, and, by the Rule, his account must be debited, or charged, with what he gets. *Second,* When you pay him a debt which stands credited to his account on the Ledger, you get out of his debt, and he must be debited, or charged, with the amount you pay or cease to owe him.

EXERCISES SHOWING THE APPLICATION OF RULE 3.

Question 6.

Sold J. J. De Han 80 bush. Potatoes, - - - - - - - - - - - - - - @ $1.00	80

Here a sale is made, and as no payment is received, Rule 3 applies, and gives the debit. All articles that you make a business of buying or selling are grouped or classed under one head, as Mdse., and must be debited and credited as directed by Rule 5.

Question 7.

Gave John D. Williams, in settlement of his account, my note dated Sept. 10, 1875, at 60 days, for - - - - - - - - - - - - - - -	600

By giving your note you cease to owe J. D. Williams on his book account, and Rule 3 must be applied. For the credit, apply Rule 5.

Question 8.

Paid A. Johnson Cash in full for balance due him on book acc't, - -	417

Question 9.

Sold C. K. Garrison 100 bbls. Flour, - - - - - - - - - - - - - - - - @ $6.50	650

Question 10.

Gave Thos. C. Dickson an order on C. K. Garrison for Mdse. to amount of -	60

You pay one party and get out of his debt, but in doing so get into debt to the party on whom your order is given. Rules 3 and 4 both apply.

Question 11.

Settled with Rufus Dolbear for am't due him on book acc't,	$1000.	
Less 5% discount allowed for cash, - - - - - - - - -	50.	
Amount paid him in cash, - - - - - - - - - - - - - - -		950

As it appears that you "cease to owe" Rufus Dolbear $1000 by paying him $950 in cash, Rule 3 must be applied. For the $50 which your creditor allows as a discount, nothing was delivered, and Rule 8 will apply.

What is the rule for crediting Personal accounts?

Rule 4. When I get *into* his debt, he is credited for the amount. When he gets *out* of my debt, he is credited for what he pays or ceases to owe me.

Note. Here we have two cases in which a Personal account can be credited *First,* When you get Mdse., or anything of value, from a person without paying for it immediately, you get into his debt, and, by the Rule, his account must be credited with what you get. *Second,* When he pays you a debt which stands charged to his account on the Ledger, he gets out of your debt, and must be credited with what he pays or ceases to owe you.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

EXERCISES SHOWING THE APPLICATION OF RULE 4.

Question 12.

Bo't of John D. Williams 100 bbls. Flour (St. Louis Mills), - - - - - - - - - @ $6.00	600

In this transaction the thing received must be classed as Mdse., and disposed of according to Rule 5. You did not pay for what you bo't, and Rule 4 applies.

Question 13.

Bo't of A. Johnson 417 bush. Barley, - - - - - - - - - - - - - - - @ $1.00	417

Question 14.

Received of J. J. De Han, in settlement of his acc't, Cash in full, -	80

Here J. J. De Han, a customer who was in your debt, pays the am't in cash. Rule 4 applies.

Question 15.

Received of C. K. Garrison, in settlement of the balance due me,		
Cash, -	$90.	
His note at 30 days, - - - - - - - - - - - - - - - - - -	400.	490

Rule 4 applies, as C. K. Garrison ceases to owe you anything on book acc't.

Question 16.

Bo't of Thos. C. Dickson, for office use, 600 bush. Coal, - - - - - - - - - - - - - - - - - - - @ 10¢.	60

As this purchase is one of the expenses of your business, Rule 8 will apply.

Question 17.

Bo't of Rufus Dolbear			
25 bbls. N. O. Molasses, - - - - - - -	1000 G., @ 70¢.	$700.	
3 hhds. N. O. Sugar, - - - - - - - -	3300 # @ 9¢.	297.	
Drayage, - - - - - - - - - - - - - - - - - -		3.	1000

Question 18.

The National Manufacturing Co., owing to serious losses in business, cannot pay their debts in full, and have compromised with me for the amount due on book acc't at 75¢ on the dollar, which they now pay in cash, - - - - - - - -	$300.	
The balance is lost, - - - - - - - - - - - - - - - -	100.	400

The amount due you by this company was $400, but by your agreement you are to accept $300 as payment in full. As you suffer a loss, Rule 8 applies.

What is the general Rule for receiving and delivering property?

Rule 5. The thing received is *Dr.*
The thing delivered is *Cr.*

Note. In business, the things usually and frequently received and delivered are Cash, Mdse., and Notes. These the book-keeper must debit and credit according to Rule.

EXERCISES SHOWING THE APPLICATION OF RULE 5.

Question 19.

Bo't of W. H. Sadler, for cash,		
40 kegs 10d. Nails, - - - - - - - - - - - - - - - -	@ $3.00	120

You follow Rule 5 for both debit and credit. The thing received is classed as Mdse.

Question 20.

Paid my note for $600 in favor of J. D. Williams. Sold him, in part payment,			
40 kegs 10d. Nails, - - - - - - - - - - - - - - - -	@ $3.50	160.	
Paid cash for the balance, - - - - - - - - - - - - - - - -		440.	600

In this transaction you receive a note, and deliver two things in payment of it. See Ques. 7, p. 55, and Rules 9 and 10, p. 26.

Question 21.

Sold for Cash		
100 bbls. Flour (St. Louis Mills), - - - - - - - - - -	@ $6.75	675

Question 22.

Sold D. R. Lillibridge		
60 bbls. Flour (Risher's Mills), - - - - - - - - - -	@ $7.00	420
Received in payment his note at 60 days for same amount.		

Refer to Rules 9 and 10, p. 26.

Question 23.

Bo't of John Carnell			
300 doz. Brooms, - - - - - - - - - - - - - -	@ $2.50	750.	
Gave him in payment			
D. R. Lillibridge's note for - - - - - - - - - - - -		420.	
My own note at 60 days for - - - - - - - - - - - -		330.	750

Question 24.

Sold P. Duff & Sons			
150 doz. Globe Patent Wash Boards, - - - - -	@ $2.50	375.	
Received in payment			
My note in favor of John Carnell for - - - - - - - - -		330.	
Check on Keystone Bank for - - - - - - - - - - - -		45.	375

You must remember that all notes received are not classed as Bills Receivable, as you may receive your own note, which is classed as Bills Payable.

What is the Special Rule for debiting Property accounts?

Rule 6. When property becomes mine, I debit it for its cost or value, and if it costs me anything afterwards, I debit it for that cost also.

Note. If property becomes yours by gift or legacy, it must, by the Rule, be debited for its value, and for all payments you make on account of it after it comes into your possession.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

EXERCISES SHOWING THE APPLICATION OF RULE 6.

Question 25.

Bo't for Cash 50 shares Keystone Bank Stock, - - - - - - - - @ $62.50		3125

By Rule 6 you are required to open an account for this purchase. In this case the value of the property is not considered, as the Rule requires you to debit it for what it *cost*.

Question 26.

Sold W. N. Riddle 50 bbls. Mess Pork, - - - - - - - - - - @ $21.50 1075.		
Received in payment 20 shares Central Passenger Railway Stock, - - - - - - - - -		1075

You must keep an account with this Stock to show what it cost.

Question 27.

Received from my grandfather's estate, under his will, House and Lot No. 49 Fifth Avenue, valued at - - - - - - -		60,000

You come into possession of a house that, being a gift, costs nothing; but Rule 6 requires you to open and keep an account with it just the same as if it had cost $60,000 in cash. Receiving this property into the business increases your capital, and Rule 2 applies.

Question 28.

Bo't of Capt. R. J. Grace the steamboat Post Boy for $37,500. Gave him in payment my notes at 60 and 90 days for same am't,		37,500

Question 29.

Paid cash for Taxes on house 49 Fifth Avenue, - - - - $600.		
" " " Repairs on steamer Post Boy, - - - - - - 450.		
" " " Insurance on house 49 Fifth Avenue, - - - 900.		1950

SET III.—DOUBLE ENTRY BOOK-KEEPING.

What is the Special Rule for crediting Property accounts?

Rule 7. When property brings me in anything, I credit it for the amount, and when it ceases to be mine, I credit it for its value, or what I receive for it.

Note. If property is lost, destroyed, or given away, and the account remains open on your books, you must credit it for its value, and close the account.

EXERCISES SHOWING THE APPLICATION OF RULE 7.

Question 30.

Received of Chas. A. Kehew Cash for one quarter's rent of house 49 Fifth Avenue, - - - - -	600

The property that brings you in this amount must, by Rule 7, be credited.

Question 31.

Received cash for Dividend on Keystone Bank Stock, - - - $125. " " " " " Cent. Pass. R.R. " - - - 50. " " " Profits of steamer Post Boy, - - - - - 3775.	3950

Question 32.

Sold E. N. Hartshorn 50 shares Keystone Bank Stock, - - - - @ $65.00 3250.	
Received in payment 65 shares People's Bank Stock, - - - - - - - - - @ $50.00	3250

Here you exchange property, and Rules 6 and 7 both apply.

Question 33.

The steamer Post Boy, owned by me, and uninsured, was burned at Maysville, Ky., and is a total loss, - - - - - - - - - - - -	34,175

By the account with this property, you find the vessel has cost you: For purchase $37,500, for repairs $450, and has brought you in $3775 profits. This makes your actual loss $34,175; and when property ceases to be yours, as this does, the Rule (7) requires you to credit it for its value, to close an account with property you no longer own.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

Question 34.

By the failure of the People's Bank, my stock in that institution is rendered worthless, - - - - - - - - - - - - - - - - - -	3250

When property ceases to be yours, Rule 7 requires you to make an entry to credit the account for its value, or what you receive for it. See Ques. 32.

When are Profit and Loss accounts debited and credited?

Rule 8. Profit and Loss accounts are always debited when I lose, and credited when I gain.

Note. Where branches of the Profit and Loss account, such as Expense, Interest, or Commission are not kept, the gains and losses are carried directly to this account. See remarks on Classification of accounts, p. 72.

EXERCISES SHOWING THE APPLICATION OF RULE 8.

Question 35.

Lost by counterfeit money which was taken in payment on a sale, and now burned, - - - - - - - - - - - - - - - - - -	20

As you delivered or destroyed something, and received nothing for it, Rule 8 must be your guide for the debit, and Rule 5 for the credit.

Question 36.

Donated to the Sufferers by the Flood in France		
Cash, -	$100.	
Mdse. -	100.	200

Here you give away $200, for which you neither receive nor expect any return.

Question 37.

Paid cash to Evening Telegraph for advertising to date, - - - - - -	90

For this payment you cannot debit any Personal or Property acc't, because no one gets into your debt, and no property has been received. It is one of the expenses of carrying on a business.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

Question 38.

By the fire which broke out in my store yesterday, I have lost goods to the value of -	1000

As the property destroyed produces you nothing, Rule 8 must apply.

Question 39.

John Randolph has absconded, and the note which I hold against him is considered worthless, - - - - - - - - - - - - - - -	210

Question 40.

The estate of Wm. Simpson is bankrupt, and my account against him is lost, -	140

Question 41.

Discounted Albert Rhodes' note for $900.		
Received net proceeds in cash, - - - - - - - - - -	$879.75	
Discount, 90 days, at 9%, - - - - - - - - - - - -	20.25	900

You have lost part of this note in having it discounted.

Question 42.

Bo't at auction			
50 shares Central Railroad Stock, - - - - -	@ $40.00	2000.	
And sold the same immediately at $45.00 per share, - -		2250.	
Received the difference in cash, - - - - - - - - - - - -			250

You did not keep the property long enough to open an account with it on your books.

Question 43.

Paid cash for State, County, and City Taxes for 1875, - - - - - - -	430

This is another item of expense in business.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

The following Rules are given without any accompanying exercises to show their application. Those desiring to pursue the subject further will find it more fully treated in "Duff's Mercantile, Bank, and Railroad Book-keeping."

What is the Rule for journalizing Drafts, Orders, &c.?

Rule 9. Credit a person when you draw on him on your own account, and debit him when he draws on you on his account.

Note. If a person sends a draft or order on you for either goods or money, you charge him, and not the person who presents the draft or order. You treat his draft or order the same as if he were present himself and obtained the goods or money, and he treats your draft or order on him in the same way. This Rule is given to prevent you from debiting or crediting Bills Receivable or Bills Payable with every draft or order drawn on you, or drawn by you on others. Rules 3 and 4 require you to make the same debits and credits as Rule 9 does.

What is the Rule for keeping an account of goods consigned to you for sale on account of another?

Rule 10. I debit the "owner's sales" for *all* charges incurred while in my possession, and credit the same account for what the property sells for.

Note. When a person consigns you his goods to sell on commission, he expects you to furnish him an account of sales, made out in a business-like manner, so as to show all the sales, and a list of the charges. To make out such a statement, open an account with

" . . . . . Sales,"

and debit and credit it as directed by Rule 10. Then by deducting all charges, including your commission, from the total sales, you ascertain the net proceeds that must be paid over to the owner.

What is the Rule for keeping an account of Property you ship or consign to others for sale on your account?

Rule 11. I debit shipment to . . . . . for the cost and charges of the shipment, and credit the same account for what it brings me in.

Note. This Rule guides you in keeping an account of goods or property that may be sent to another market for sale. By following the Rule, the

debit side of the account is made to show the cost of property and the charges paid by you. Then by crediting the account with the net proceeds shown in the Account Sales that the agent or commission merchant will send you, the credit side is made to show what it brings you in. The difference between the Dr. and Cr. sides must be gain or loss. Thus, if the Cr. side shows that the shipment brings in more than the cost per Dr. side, the difference is gain; but if the Dr. side is the greater, the difference is loss, for the showing then would be that the shipment cost more than it brought you in.

JOINT ACCOUNTS.

Individuals and firms frequently speculate by purchasing and selling some particular article on joint account, *i. e.*, each contributes a portion of the purchase-money, and receives a portion of the profits. The person who makes the purchases and effects the sales is termed the manager. He keeps an account of the transactions in his private books, under the title of "1st Co. Sales," "2d Co. Sales," to distinguish them if he has several on hand, and in accordance with the following

Rule 12. Debit Sales in Co. for my own share only of the first cost and for the whole charges incurred while in my possession, and credit the same account for the total sales.

The silent partners keep an account of their interest in the speculation by following

Rule 13. Debit "Adventure in Co." for its cost, and credit it for what it brings in.

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[1] Branches of any Personal, Property, or Profit and Loss account may be kept for a specific purpose, but when this is done, care must be taken to confine the debits and credits to the particular purpose in view. Thus, if William Hay, a customer, sends me some goods to sell for him, I open an account with "William Hay's Sales," and keep it according to Rule 10. If I find it to my advantage to send part of my stock of Flour to Boston, I open an account with "Shipment to Boston," and keep it as directed by Rule 11. To find the exact amount of expense of carrying on my business, I may open a branch of the Profit and Loss account, and call it "Expense account." By debiting it with all expenses, it will give the important information I require. I may ascertain what is gained or lost by interest by opening an "Interest account," and debiting it with all interest paid, and crediting it with all interest received.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

ANSWERS TO PRECEDING EXERCISES.—JOURNAL ENTRIES.

	Dr.	Cr.
Answer 1.		
Cash Dr.	5000	
To Stock,		5000
Answer 2.		
Sundries Dr. To Stock,		3000
Cash,	1000	
Mdse.	1000	
Bills Receivable,	1000	
Answer 3.		
Sundries Dr. To Stock,		10,000
Cash,	1000	
Mdse.	2000	
W. H. Sadler,	3000	
Bills Receivable,	4000	
"		
Stock Dr. To Sundries,	3000	
To Bills Payable,		1000
" R. P. Duff,		1000
" W. H. Duff,		1000

Note 1. The teacher should now direct the attention of the learner to the manner of starting or beginning a Journal entry, viz., to write the *debit* or *debits* first. Take, for examples, Ans. 1, where the entry begins, "Cash Dr."; Ans. 2, where it begins, "Sundries Dr."; Ans. 3, where the first entry begins, "Sundries Dr.", and the second entry, "Stock Dr." If there is but one debit, as in Ans. 1, we can begin the entry with its name or title, but if there are two or more, as in Ans. 2 and Ans. 3, the entry must begin "Sundries Dr. To." The preposition "To" is used before credits only. See foregoing entries.

Note 2. In a general sense, the word "Sundries" means plurality, as Sundry days, Sundry persons, &c., but in book-keeping it signifies two or more accounts Dr. or Cr. Thus, in Ans. 3, it means that four accounts which are debited are "Dr. To Stock"; and in the next entry below, it means that Stock is Dr. to the three accounts which are credited. Care should be taken to understand the meaning and application of this word in book-keeping.

	Dr.	Cr.
Answer 4.		
Sundries Dr. To Stock,		3000
Cash,	100	
Keystone Bank Stock,	2000	
Bills Receivable,	900	
Answer 5.		
Sundries Dr. To Stock,		37,000
Cash,	900	
Mdse.	1100	
German Insurance Co. Stock,	5000	
Steamer Paragon (my half),	15,000	
House and Lot, 49 Fifth Avenue,	15,000	
Answer 6.		
J. J. De Han, Dr.	80	
To Mdse.		80
Answer 7.		
John D. Williams, Dr.	600	
To Bills Payable,		600
Answer 8.		
A. Johnson, Dr.	417	
To Cash,		417
Answer 9.		
C. K. Garrison, Dr.	650	
To Mdse.		650
Answer 10.		
Thos. C. Dickson, Dr.	60	
To C. K. Garrison,		60
Answer 11.		
Rufus Dolbear, Dr. To Sunds.	1000	
To Cash,		950
" Profit and Loss,		50

	Dr.	Cr.
Answer 12.		
Mdse. Dr.	600	
To John D. Williams,		600
Answer 13.		
Mdse. Dr.	417	
To A. Johnson,		417
Answer 14.		
Cash Dr.	80	
To J. J. De Han,		80
Answer 15.		
Sundries Dr. To C. K. Garrison,		490
Cash,	90	
Bills Receivable,	400	
Answer 16.		
Profit and Loss, Dr.	60	
To Thos. C. Dickson,		60
Answer 17.		
Mdse. Dr.	1000	
To Rufus Dolbear,		1000
Answer 18.		
Sundries Dr. To National Manufacturing Co.		400
Cash,	300	
Profit and Loss,	100	
Answer 19.		
Mdse. Dr.	120	
To Cash,		120

Note. — Your Journal entry, when interpreted by the Rules, will, if correct, always show the same as the Day Book entry, but does not give particulars. For, instance, your Journal entry of the above will show that you received Mdse., and that you get into J. D. Williams' debt for $600, which is exactly what your Day Book entry shows.

	Dr.	Cr.
Answer 20.		
Bills Payable Dr. To Sundries,	600	
To Mdse.		160
" Cash,		440
Answer 21.		
Cash Dr.	675	
To Mdse.		675
Answer 22.		
Bills Receivable Dr.	420	
To Mdse.		420
Answer 23.		
Mdse. Dr. To Sundries,	750	
To Bills Receivable,		420
" Bills Payable,		330
Answer 24.		
Sundries Dr. To Mdse.		375
Bills Payable,	330	
Cash,	45	

Note. We cannot conveniently keep an account with each article we deal in, and for that reason all articles that we buy to sell again are grouped or classed under one head or title, as Mdse. All notes that are signed by and received from others are classed as "Bills Receivable," and all notes that we sign and pay out are classed as "Bills Payable." All sight drafts and bank checks are considered cash. Teachers should be particular to have the pupils understand this.

Answer 25.		
Keystone Bank Stock, Dr.	3125	
To Cash,		3125
Answer 26.		
Central Passenger Railroad Stock, Dr.	1075	
To Mdse.		1075

	Dr.	Cr.
Answer 27.		
House and Lot, 49 Fifth Ave. Dr.	60,000	
To Stock,		60,000
Answer 28.		
Steamer Post Boy, Dr.	37,500	
To Bills Payable,		37,500
Answer 29.		
Sundries Dr. To Cash,		1950
House and Lot, 49 Fifth Ave.	1500	
Steamer Post Boy,	450	
Answer 30.		
Cash Dr.	600	
To House and Lot, 49 Fifth Ave.		600
Answer 31.		
Cash Dr. To Sundries,	3950	
To Keystone Bank Stock,		125
" Central Pass. R.R. Stock,		50
" Steamer Post Boy,		3775
Answer 32.		
People's Bank Stock, Dr.	3250	
To Keystone Bank Stock,		3250
Answer 33.		
Profit and Loss, Dr.	34,175	
To Steamer Post Boy,		34,175
Answer 34.		
Profit and Loss, Dr.	3250	
To People's Bank Stock,		3250
Answer 35.		
Profit and Loss, Dr.	20	
To Cash,		20
Answer 36.		
Profit and Loss Dr. To Sunds.	200	
To Cash,		100
" Mdse.		100

	Dr.	Cr.
Answer 37.		
Profit and Loss, Dr.	90	
To Cash,		90
Answer 38.		
Profit and Loss, Dr.	1000	
To Mdse.		1000
Answer 39.		
Profit and Loss, Dr.	210	
To Bills Receivable,		210
Answer 40.		
Profit and Loss, Dr.	140	
To Wm. Simpson,		140
Answer 41.		
Sundries Dr. To Bills Receivable,		900
Cash,	879 75	
Profit and Loss,	20 25	
Answer 42.		
Cash, Dr.	250	
To Profit and Loss,		250
Answer 43.		
Profit and Loss, Dr.	430	
To Cash,		430

SET III.—DOUBLE ENTRY BOOK-KEEPING.

CLASSIFICATION OF ACCOUNTS.

1. Accounts in Double Entry books are divided into three classes.

1st. PERSONAL ACCOUNTS.	See Rules	2, 3, 4, 9, 10, and 12.
2d. PROPERTY ACCOUNTS.	" "	5, 6, 7, 11, and 13.
3d. PROFIT AND LOSS ACCOUNTS.	" "	8.

2. Generally the title or heading of an account in the Ledger will indicate the class to which it belongs; if it does not, the nature of it can be determined by an examination of its debits and credits on the book of original entry.

3. We class as PERSONAL ACCOUNTS all accounts that show debts due to or from individuals, firms, or corporations. These accounts are debited and credited according to Rules 3 and 4, and must, therefore, show on the Dr. side, "My account against him or them," and on the Cr. side, "His or their account against me."

4. As an account must be kept of each kind of property we own and deal in, we follow Rules 5, 6, and 7, and keep them under different heads, and class them as PROPERTY ACCOUNTS. This class of accounts will show on the Dr. side the cost or value of the property bought or received, and on the Cr. side what it sells for or brings us in. A merchant keeps an account of all the articles he deals in under the head of "Mdse. Acc't," and if he purchases any property—bank stock, railroad stock, house and lot, farm, or warehouse—for investment or speculation, he opens an account with it as directed by Rules 6 and 7. When he deems it prudent or necessary to send a portion of his goods to another market for sale, he keeps a separate account of this venture, as directed by Rule 11.

5. Numerous gains and losses incidental to business are to be recorded and kept account of. For these the third class—PROFIT AND LOSS Ac-

COUNTS—are kept. This may be done in one account, and under one head—Profit and Loss—carrying, as directed by Rule 8, all expenses and losses to the Dr. side, and all gains from any source to the Cr. side. When all the gains and losses are carried into one account, we cannot determine their particular sources without the labor of going over the account and assorting the items of debits and credits. Business men, generally, deem it important to keep such accounts as will show the source of all gains or losses, and direct their book-keepers to open and keep branches of this account, such as Expense, Interest, Commission, &c., which must be debited and credited with the expenses, losses, and gains arising from each.

The teacher should have the pupil carefully peruse the matter on this and the preceding page, then make use of the foregoing Day Book and Journal entries, and show him how a Day Book entry should be analyzed to obtain the proper debits and credits for the Journal. Explain that the pupil must examine the Day Book entry to ascertain—

1st. If he has received any Cash, Mdse., Notes, or Property that Rules 5 and 6 require him to debit.

2d. If any one gets into his debt, or if he pays or ceases to owe any one that Rule 3 requires him to debit.

3d. If he has met with a loss or paid any expenses that Rule 8 requires him to debit Profit and Loss for.

To determine what credits to make, he must examine his Day Book entry again to ascertain—

1st. If he has delivered any Cash, Mdse., Notes, or Property that Rules 5 and 7 require him to credit.

2d. If he gets into debt to any person, or if any person pays or ceases to owe him, for which Rule 4 requires him to credit them.

3d. If he has gained anything that Rule 8 requires him to credit Profit and Loss for.

In journalizing, if a pupil cannot say why he debits or credits an account, let him analyze his Day Book entries as directed above, and, with practice, he will be able to give a Rule for every debit and credit.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

DETECTION AND CORRECTION OF ERRORS.

1. If the debits and credits of your proof sheet are not equal, an error exists that must be sought for and corrected. In seeking the error—

1st. See that the amounts from the Ledger are correctly transferred to the proper column of your proof sheet.

2d. See that all accounts in the Ledger are footed and forwarded correctly.

3d. See that the debits and credits of all Journal entries are equal. If the error is not found by these means, the posting from the date of your last balance, or closing, must be re-examined and re-checked.

2. To correct errors in the Ledger, make the *error* refer to the place of correction, and make the *correction* refer to the place of error.

3. When a Journal entry has not been posted at the proper time, do not make the date column of your Ledger show dates improperly, as, for example, that April comes *after* May, but post the entry under the date of the last entry, giving the proper date *to right of explanation column* in parenthesis; thus, (April 7).

4. If by mistake *two* accounts are opened with the same person or property, close one into the other, "To" or "By . . . . . fol. —," and draw lines to close it the same as if it were a settled account.

5. When an entry is posted or transferred to the wrong side of an account, *erase the figures only*, and fill the blank with cyphers. Then post to the proper side. An entry posted twice, or to a wrong account, may be corrected in the same way. Never make a "counter entry" to correct an error, unless it cannot be corrected by some of the plans given above. The unnecessary and unmeaning use of cyphers in the cent columns causes many mistakes in addition. An error in addition can generally be corrected by writing, "Short, added fol. —," or "Over added, deducted fol. —." Then make the correction on the folio referred to.

6. Errors in the Journal can be in many cases corrected by cancelling one or two figures and inserting correct ones. If this cannot be done, make a new entry, and mark the old one, "Void, corrected p. —."

SET III.—DOUBLE ENTRY BOOK-KEEPING.

AUXILIARY BOOKS.

1. By this term we mean all books from which transactions are taken to the Day Book or Journal, such as the Invoice, Sales, Cash, and Bill Books. The margins or "stubs" of Check, Note, Draft, and Order Books are classed as auxiliary books, but as they are simple and easily understood, we give no illustration of them here.

2. Auxiliary books are often kept in a small business as a matter of convenience, when there is no necessity for them. By their use, in the absence of the book-keeper, any one could make an entry in the Cash Book or Sales Book. If these auxiliaries were not kept, no one would be trusted to make an entry in the Day Book of money received or paid, of goods bought or sold, during the absence of the book-keeper, and all transactions would have to be kept on loose sheets of paper until his return. Loose memoranda are liable to be lost or mislaid, and for this reason, as well as for the purpose of having them always handy for reference, business men prefer to keep such memoranda in a careful and systematic manner in books made for the purpose. Thus the Invoice Book contains all the memoranda or bills of mdse. purchased; the Sales Book contains all the memoranda of goods sold; the Cash Book contains all the memoranda of cash received or paid, and the Bill Books contain memoranda of all notes that you have received and of your own notes that are given out. So it appears that auxiliary books are really memoranda of transactions kept in a systematic manner for the book-keeper to make up his Day Book from.

3. While the auxiliary books are a convenience in almost any business, the keeping of them with some is a necessity; they could not be dispensed with without confusion, and serious delays in business resulting. To illustrate, let us suppose that the proprietor of an establishment doing a large business should decide to dispense with all the auxiliary books we have named, and to use the Day Book in place of them. Then all the clerks would have to record the business in the Day Book.

One clerk would take it to enter a bill of goods he had sold, and while he is using it another would want it to enter some money that had been collected; another would want it to enter some notes that had been received from customers. In this way half the employes about the establishment would be kept waiting to have some transaction recorded. Any one can imagine the inconvenience of doing business in the manner we have described; and besides this, the clerks are tempted to make and conceal memoranda of goods sold or of money received that may never be handed to the book-keeper. By keeping such auxiliary books as are required, there is no delay in recording transactions, and no temptation to make memoranda on loose slips of paper. The clerk who makes a sale enters it, or has it entered, immediately in the Sales Book, and the goods can be packed and shipped without delay. Money received or paid out can be entered in the Cash Book, notes received or given can be entered in the Bill Book, and any transactions not proper to be entered in any of the auxiliary books can be reported to the book-keeper, who will enter them upon his Day Book.

4. In a business of any magnitude, the work of the book-keeper, it may be said, begins with the transfer of the contents of the auxiliary books to his Day Book, for nearly all the work of entering business transactions on the Invoice, Sales, Cash, and Bill Books is performed by others. The "buyer" generally attends to the Invoice Book; the salesman or bill clerk enters, calculates, and extends all sales on the Sales Book, and the financial manager makes many, if not all, the entries on the Cash and Bill Books. There are, however, houses doing a heavy business in which all this work is attended to by the book-keeper.

5. The book-keeper, whether keeping all the auxiliary books or not, must exercise a supervision over them, and feel that he is responsible for the errors of others that he fails to find and correct. He or some trustworthy assistant must examine all calculations in the Invoice Book and Sales Book before the contents of these books are transferred to the Day Book.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

6. Having explained the nature and use of the auxiliary books, we next direct the learner's attention to the important work of the book-keeper, viz., transferring the contents of the auxiliaries to the Day Book. The learner should examine the entries for April 5 in each auxiliary book that they are found in and compare them with the entries on the same date in his printed Day Book to satisfy himself that no items or details are required—only such particulars as will enable him to make a Journal entry. No book-keeper can tell from memory what entries he has transferred from one book to another; therefore, he must use some kind of a transfer mark that will indicate how far he has progressed with his work. Thus, when an entry is taken from an auxiliary book to the Day Book, a transfer mark *in ink* is made in the book the entry is taken from; when an entry in the Day Book is journalized, a transfer mark is made in the Day Book; when a debit or credit in the Journal is posted, a transfer mark is made to show it. When the book-keeper is making up his Day Book for a day's business, he may begin with any of the auxiliary books, and look into them all, one after another, and any transactions he finds recorded in them, on the date for which he is making up his Day Book, must be transferred to it, and then marked off, as we have directed. The transfer mark not only shows that the entry marked has been transferred, but is also notice to all who have access to the book not to alter or change the entry in any way. Therefore, if the book-keeper neglects to affix a transfer mark to each entry as soon as transferred, he has nothing to show that it has been disposed of, and it may be altered and added to by any one.

7. A Day Book entry often covers a transaction that is recorded in two or more of the auxiliary books. Thus, cash paid for freight is entered in the Cash Book, and being a part of the cost of mdse., it is entered in the Invoice Book also; and while it does not make any difference whether you make the Day Book entry from the Invoice or Cash Book, you must be particular to affix a transfer mark to the entry in both books. See payment of freight on April 1 in the Cash Book and Invoice

Book. In the opening entry in the Day Book, April 1, the learner will find a transfer from the Cash and Bill Books, which must be marked off on both these books. The cash sale of Mdse. on April 5 is entered in the Day Book with other transfers from the Sales Book, and is marked off the Sales Book to show that the sale was entered, and also in the Cash Book to show that the money received was transferred to the Day Book.

8. When a page of any auxiliary book in manuscript is full, it must be footed, and the amount forwarded, as shown in the printed book. By this the Invoice Book is made to show the cost and charges of all purchases during the month, or the period for which the total is obtained; and if all transfers are correct, the footing of the Dr. side of the Mdse. account in the Ledger for the same period will agree with the footing of this book. Compare and see. The footing of the Sales Book will agree with the Cr. side of the Mdse. account, and the footings of the Dr. and Cr. sides of the Cash Book will agree with the footings of the Dr. and Cr. sides of the Cash account in the Ledger. Compare and see.

Teachers should read and illustrate the foregoing to learners in a class.

THE INVOICE BOOK.

1. The first entry of an invoice is generally made in this book on the day when the goods are received. On April 1 we have entries of invoices that bear date March 29 and 31. At the time of entering the invoice, enter the terms—that is, the term of credit, if any—on which it was purchased, and the discount to be allowed, if any, for cash. To make the footing of this book agree with the Dr. side of the Mdse. acc't in the Ledger, which shows the cost and charges of all goods bought, the freight and other charges on each invoice must be entered thereon.

2. When the learner, in making up his Day Book, transfers any amount from this book, he must mark the entry D. B., giving the page.

3. As each business has its peculiarities which can be learned only by experience, it is proper to observe that while in the following pages the different goods are designated by name, numbers, letters, and descriptions applying to the dry goods business, in another business the manner of designating the various kinds would be partially or entirely different.

4. In any business where the purchases are few in number, this book may be dispensed with, and the amount of each purchase credited to the proper party or parties, at the end of each month, on the Day Book or Journal. The invoices can then be folded, indorsed, and filed.

5. On May 5 an entry records the return of goods. Some houses keep a book for such entries, and at the end of each month deduct the footing of it from the footing of the Invoice Book, but this is not introduced here, as we do not post direct to the Ledger from the auxiliaries.

6. The bills entered in this book at the end of each month are for small purchases made to fill the orders of customers. As the customer is immediately charged with them, it is not necessary to give the items.

7. In transferring the contents of this book to the Day Book, simply state the transaction, which would be a purchase, thus:

"Bo't of Hood, Bonbright & Co. Mdse. pr. I. B. 1."

You may add the terms to the entry, as we have illustrated on D. B., p. 1.

PHILADELPHIA, Mar. 29, 1875.

G. A. GASKELL,

Bo't of HOOD, BONBRIGHT & Co.

D.B.	1[1]	100 pcs. Cont'tal "C" Shirting, 36 in.,	4000 yds. @	11¢	440			
		50 " Allendale Sheeting, 12/4,	2300 "	40	920			
		20 " Stark "A A" Brown Crash,	400 "	15	60			
		20 " do. Bleached do.	390 "	16	62	40		
					1482	40		
		Terms—Less Frt. to New York on 4 bxs, 2400 # @ 12			2	88	1479	52
		60 day note or acceptance.						

"

D.B.	1	[2] Freight paid on above, pr. C. B. 1, - - - - - - -					2	89

"

NEW YORK, Mar. 31, 1875.

G. A. GASKELL,

Bo't of DAVID N. LORD & Co.

D.B.	1	100 pcs. Carleton Ginghams, - - -	3000 yds. @	15¢	450			
		50 " Bates' Mills do. - - -	1200 "	11	132		582	
		90 day note.						

"

BALTIMORE, Mar. 29, 1875.

G. A. GASKELL,

Bo't of WM. SIMPSON, SONS & Co.

D.B.	1	50 pcs. Simpson's Sideband Prints,	1200 yds. @	9¢	108			
		25 " do. Silver Grey do.	600 "	9	54			
		12 " do. Mourning do.	432 "	9	38	88		
		50 " Eddystone Fancy do.	1800 "	9½	171			
		20 " Augusta Brown Drilling,	800 "	11	88			
		4 cases, - - - - -			6		465	88
		60 days, net, or						
		4 months, with 1% added.						
		[3] Forward, - - -					2530	29

[1] The transfer marks "D. B. 1" must not be made when the learner is copying this book. See ¶¶ 6 and 7, p. 77, and ¶ 2, p. 79.

[2] See ¶ 7, p. 77, and ¶ 1, p. 79.

[3] Each page must be footed, as shown above, and immediately forwarded. See next page.

		Bro't forward, - - -			2530 29
		"			
		PHILADELPHIA, Mar. 29, 1875.			
		G. A. GASKELL,			
		Bo't of CAMPBELL, KNOWLES & Co.			
D.B.	1	10 pcs. Union Mills Checks, #700, - 300 yds. @ 14¢	42		
		10 " do. do. #70, - 240 " 12	28	80	
		10 " do. do. #900, - 300 " 16	48		
		10 " do. do. #50, - 300 " 18	54		
		5 " Tennessee Plaids, - - - - 180 " 13⅓	24	30	
		5 " Texas do. - - - - 150 " 20	30		
		5 " Magnolia do. - - - - 150 " 8⅓	12	75	
		10 " Manchester do. - - - - 360 " 10	36		
		10 " Thistle Mills Wigans, - - - 60 " 10⅓	6	30	
		10 " Crescent do. - - - 80 " 9	7	20	
		2 cases, - - - - - -	4		293 85
		60 days, or 2% off for cash. Freight prepaid.			
		"			
		BALTIMORE, Mar. 30, 1875.			
		G. A. GASKELL,			
		Bo't of COFFIN & ALTEMUS.			
D.B.	1	15 pcs. Union Mourning Prints, - - - 360 yds. @ 9¢	32	40	
		15 " do. Sideband do. - - - 540 " 9	48	60	
		10 " do. Grec. Grey do. - - - 360 " 9	32	40	
		10 " do. Solid Black do. - - - 240 " 9	21	60	
		5 " Wamsutta Robes, - - - - - 120 " 8	9	60	
		2 cases, - - - -	2	50	147 10
		Cash, in ten days from date.			
		Forward, - - - -			2970 74

[1] We give the place of business on p. 1 of this book. It is not required on every page.

		Bro't forward, - - -			2970 74
		"			
		BOSTON, Mar. 30, 1875.			
		G. A. GASKELL,			
		Bo't of JOY, LANGDON & Co.			
D.B.	1	10 pcs. Hamilton Prints, - - - - - 360 yds. @ 9¢	32	40	
		10 " do. Checks, - - - - - 240 " 9	21	60	
		10 " do. Purples, - - - - - 300 " 9½	28	50	
		10 " do. Special Styles, - - 360 " 10½	37	80	
		10 " Gold Medal Denims, - - - - 240 " 14	33	60	
		10 " Pearl River do. - - - - 360 " 19	68	40	
		10 " Boston do. - - - - 360 " 9	32	40	
		2 cases, - - - -	3		257 70
		4 mos. note or acceptance.			
		5			
	[1]	P'd Frt. on Wm. Simpson, Sons & Co.'s Inv. per C. B. 1	4	68	
D.B.	1	" " " Coffin & Altemus' " " " 1	1	64	
		" " " Joy, Langdon & Co.'s " " " 1	2	40	
		" Insurance do. " " " 1	2	57	
		" Jno. R. Scott for packing cases, - - - " " 1	20		81 29
		15			
		BALTIMORE, April 10, 1875.			
		G. A. GASKELL,			
		Bo't of WM. SIMPSON, SONS & Co.			
D.B.	2	20 pcs. Pacific Percales, - - - - - 480 yds. @ 21¢	100	80	
		20 " do. Organdies, - - - - - 720 " 18	129	60	
		20 " do. Lawns, - - - - - 500 " 16	80		
		5 " Lancaster Cambric, - - - - 120 " 12½	15		
		5 " Merrimac do. - - - - 120 " 14	16	80	
		2 cases, - - - -	3		345 20
		60 days, net, or 4 months, with 1% interest added.			
		Forward, - - - -			3604 93

[1] This entry must be marked off here, and also in the Cash Book. See ¶ 7, p. 77.

		Bro't forward, - - -			3604 93
		"			
		Boston, April 24, 1875.			
	[1]	G. A. Gaskell,			
		Bo't of Dexter, Abbott & Co.			
D.B.	3	5 pcs. Dunnell's Light Fancy Prints, - 120 yds. @ 9¢	10 80		
		5 " do. Robes, - - - - - - 120 " 9½	11 40		
		5 " do. Pinks, - - - - - - 120 " 9½	11 40		33 60
		Received payment,			
		Dexter, Abbott & Co.,			
		Per Nath. Doty.			
		30			
	[2]	Bo't of David N. Lord & Co. Mdse. pr. bill, April 1	3 85		
D.B.	3	" do. do. do. " 5	4 10		
		" do. do. do. " 20	16 40		
		" do. do. do. " 26	21 70		46 05
D.B.	3	" Passavant & Co. - - do. do. " 5	60 10		
		" do. do. do. " 26	18 40		78 50
D.B.	3	" T. P. Remington, Jr. do. do. " 30			10 30
		[3] Cost of purchases for April, - - - -			3773 38

[1] See ¶ 7, p. 77.
[2] See ¶ 6, p. 79.
[3] Compare this footing with footing of Dr. side of Mdse. acc't in the Ledger. See ¶ 1, p. 79.

MANCHESTER, May 1, 1875.

G. A. GASKELL,

Bo't of AMOSKEAG MANF'G Co.

D.B.	4	50 pcs. Amoskeag Bl. Sheeting, 10/4, 2000 yds. @	32½¢	650			
		25 " do. do. 6/4, 1000 "	18	180			
		50 " do. A Brown Drilling, 1900 "	11⅛	218	50		
		20 " do. ACA Ticking, 36 in. 800 "	30	240			
		20 " do. Denims, 480 "	20	96			
		20 " do. do. B, 480 "	15	72			
		6 cases, - - - - -				00	1456 50
		Cash.					

"

[1]Returned by Felton & Bigelow, Cleveland, O.

D.B.	4	1 doz. "Level" Paris Kid Gloves, - - - - - - -					23

31

PROVIDENCE, R.I., May 25, 1875.

G. A. GASKELL,

Bo't of A. & W. SPRAGUE MANF'G Co.

D.B.	5	20 pcs. Sprague Frock Prints, - - - 480 yds. @	9½¢	45	60		
		20 " do. Red do. - - - 480 "	9⅜	45	60		
		20 " do. Pink do. - - - 480 "	10	48			
		10 " do. Blue and White Prints, 360 "	10½	37	80		
		2 cases, - - - - -				00	177
		60 days.					

"

D.B.	5	[2]Bo't of D. N. Lord & Co. - - Mdse. pr. bill, May 1					46 18
D.B.	5	" T. P. Remington, Jr. do. do. " 1		12	84		
		" do. do. do. " 5		6	95		
		" do. do. do. " 10		41	84		
		" do. do. do. " 20		4	60		
		" do. do. do. " 25		21			
		" do. do. do. " 31		4			91 23
D.B.	5	" Passavant & Co. - - do. do. " 1		16	40		
		" do. do. do. " 20		12	20		
		" do. do. do. " 31		19	40		48
		Forward, - - - -					1841 91

[1] See ¶ 5, p. 79.

[2] See ¶ 6, p. 79.

		Bro't forward, - - -					1841	91
		"						
D.B.	4	[1]P'd cash for Frt. on Amoskeag Manf'g Co. Inv., May 5			8	60		
D.B.	5	" " " Sprague " " " " 31			3	40	12	
		Cost of purchases for May, - - - - -					1853	91
		" " previous, - - - - -					3773	38
		" " to date, - - - - - -					5627	29
		June 30						
		BALTIMORE, June 25, 1875.						
		G. A. GASKELL,						
		Bo't of WM. SIMPSON, SONS & Co.						
D.B.	7	20 pcs. Pacific Percales, - - - - - 480 yds. @ 20¢			96			
		20 " do. Organdies, - - - - - 720 " 17			122	40		
		20 " do. Lawns, - - - - - 500 " 15			75			
		5 " Lancaster Cambric, - - - - 120 " 12			14	40		
		5 " Merrimac do. - - - - - 120 " 14			16	80		
		2 cases, - - - - -			3		327	60
		60 days.						
		"						
D.B.	7	Bo't of T. P. Remington, Jr. - - - - - - June 25					80	60
		"						
		[2]Mdse. Dr. To P. McGee—						
D.B.	7	For Cartage in April, per tickets, - - - - - - -			16			
		" " May, " - - - - - - -			3			
		" " June, " - - - - - - -			2		21	
		Cost of purchases for June, - - - - -					429	20
		" " previous, - - - - -					5627	29
		[3] " " to date, - - - - - -					6056	49

[1] This shows how an entry omitted on its proper date may be entered afterwards.

[2] We debit Mdse. with all we pay for cases and cartage, because it is afterwards credited with all the charges we make for either. Some keep a "Drayage acc't," but it would give the learner too much trouble to illustrate it here.

[3] Compare with Dr. side of Mdse. acc't.

[1]INVENTORY OF MDSE. ON HAND THIS DAY.

50 pcs.	Contin'tal "C" Shirting, 36 in.,	2000	yds. @	11¢	220			
10 "	Stark A A Brown Crash, - -	200	"	15	30			
10 "	do. Bleached do. - -	195	"	16	31	20		
10 "	Carleton Ginghams, - - - -	300	"	15	45			
10 "	Bates' Mills do. - - - - -	240	"	11	26	40		
10 "	Simpson's Sideband Prints, -	240	"	$9\frac{1}{10}$	21	84		
10 "	Eddystone Fancy do. -	360	"	$9\frac{3}{5}$	34	56		
25 "	Amoskeag Bleached Sheeting,	1000	"	$32\frac{7}{10}$	327			
25 "	do. A Brown Drilling,	950	"	$11\frac{3}{5}$	110	20		
Add amount of Wm. Simpson, Sons & Co.'s Invoice, June 25, not opened at time of taking Stock, - - -					327	60	1173	80

[1] The foregoing is a complete inventory of all the goods on hand at this date. The amount of Simpson's last invoice is all that is required, as the goods arrived on the day Stock was taken, and were not unpacked. If freight had been paid, it would be added to the inventory. An inventory should be taken so as to show the exact cost (charges included) of the goods on hand. If not, the real gain per cent. on Mdse. cannot be ascertained. The gain or loss on Mdse. cannot be learned without this inventory. See Rule 2, p. 41, and ¶ 15, p. 42, and Mdse. acc't, p. 124.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

SALES BOOK.

1. In this book we enter particulars of all sales, whether on credit or for cash, and thus avoid entering particulars of long bills on the Day Book. To illustrate, compare the entry of sale to Thos. May Peirce on S. B., p. 1, with D. B. entry of the same. What occupies ten lines on the S. B. is entered on one line in the D. B. Read ¶¶ 2 and 3, p. 75.

2. If the business is small, this book may be dispensed with, and the items and terms of each sale entered on the D. B.

3. Each page of this book is footed and forwarded to the end of the month to show the month's sales. The sales for previous months are added to show the total sales, and to give the book-keeper timely notice of any disagreement between the footings of his Sales Book and the footing of the Cr. side of the Mdse. acc't.

4. In business, the word "sold" is rarely used in this book.

5. When a bill is made out and forwarded to the purchaser, the entry in this book should be marked "B," to show that the bill was made out and sent. See first entry on next page.

6. As each entry is passed into the Day Book, it should be marked off thus, "D. B. —," and the page given.

7. In making out bills from this book, on bill paper with double columns, extend amounts into *outer* column, as shown in Form 8, p. 136.

8. All payments for cases and cartage have been charged to Mdse. in the Invoice Book. Therefore, where a charge has been made for either, it is a credit to Mdse. See Note 2, p. 85.

9. Customers frequently order articles that we do not keep or deal in. To fill such orders we go out and purchase the articles, and charge them at a small advance on the cost price. See ¶ 6, p. 79.

10. Names of firms and individuals should be correctly spelled. The terms of a sale should be specified, that the book-keeper may attend to the collection at maturity. It is customary in business to add one cent for a half or anything over a half cent. Anything under a half is not counted.

	[1]B	Sold Thos. May Peirce, Philadelphia, Pa.					
D.B.	[2]1	2 pcs. Bates' Mills Ginghams, - -	48 yds. @	12½¢	6		
		20 " Carleton do. - -	600 "	16½	99		
		40 " Contin'tal "C" Shirting, 36 in.,	1600 "	12½	200		
		40 " " Allendale Sheeting, 12/4, - -	1680 "	45	756		
		40 " " Eddystone Fancy Prints, - -	1440 "	10½	151	20	
		5 " " Augusta Brown Drilling, - -	200 "	12½	25		
		18½ ℔ Capitola Twine, - - - - - - - - - -	24		4	40	
		Cases and cartage, - - - - - -			12		1253 60
		Terms—60 days.					
		"					
	B	Sold Charles C. Cochran, Pittsburgh, Pa.					
		10 pcs. Stark A A Brown Crash, - -	200 yds. @	17¢	34		
D.B.	1	1 " Bates' Mills Gingham, - - - -	24 "	13	3	12	
		5 " Union Mills Checks, ℔ 70, - -	120 "	14	16	80	
	[3]	13⅔ ℔ Hope Mill 4-ply Twine, - - - - - - - -	35		4	78	
		Case and cartage, - - -			1	50	60 20
		60 days.					
		"					
		Sold E. N. Hartshorn, Mt. Union, O.					
D.B.	1	10 pcs. Contin'tal "C" Shirting, 36 in.,	400 yds. @	13½¢	54		
		10 " Stark A A Bleached Crash, -	195 "	19⅔	38	03	
		10 " Simpson's Sideband Prints, -	240 "	10¼	24	60	
		10 " Bates' Mills Ginghams, - -	240 "	13	31	20	
		3 doz. Kid Gloves, "Paris," 3-button, - -	@ $22.00		66		
		Case and cartage, - - - -			2		215 83
		60 days.					
		[4]Forward, - - - -					1529 63

[1] This mark indicates that the bill is made out and sent.
[2] Refer to Note 1, p. 80.
[3] This is an article we do not keep. See ¶ 9, p. 87.
[4] See Note 3, p. 80.

		Bro't forward, - - - -			1529	63
		"				
		Sold Felton & Bigelow, Cleveland, O.				
		20 pcs. Carleton Ginghams, - - - - 600 yds. @ 17¢	102			
D.B.	1	12 " Simpson's Mourning Prints, - 432 " 10⅓	45	36		
		10 " Union do. do. - 240 " 10⅓	25	20		
		10 " do. Solid Black do. - 240 " 10⅓	25	20		
		10 " Thistle Mills Wigans, - - - 60 " 12¾	7	65		
		Cases and cartage, - - -	2	50	207	91
		30 days.				
		"				
		[2] Sold for cash,				
D.B.	1	2 pcs. Bates' Mills Ginghams, - - - 48 yds. @ 12½¢			6	
		10				
		Sold I. N. Forner, Pittsburgh, Pa.				
		10 pcs. Simpson's Sideband Prints, - 240 yds. @ 10⅓¢	25	20		
D.B.	2	10 " do. Silver Grey do. - 240 " 10⅓	25	20		
		5 " Augusta Brown Drilling, - - 200 " 13⅓	27			
		5 " Union Mills Checks, - - - - 150 " 21⅓	32	25		
		Case and drayage, - - -	1	50	111	15
		30 days.				
		"				
		[3] German Insurance Co. Dr.				
D.B.	2	For 40% damages awarded by appraisers for damage by water on goods from Joy, Langdon & Co. - - -			103	08
		60 days.				
		Forward, - - -			1957	77

[1] See Note 1, p. 81.
[2] An entry of the receipt of this money will be found on the Dr. side of the Cash Book. Mark it off when this is transferred to the Day Book. See ¶ 7, p. 77.
[3] Our purchase from Joy, Langdon & Co. was damaged by water while in transit, and the appraisers report, as above, that the damages amount to 40% on the invoice. This report makes the company in which the goods were insured responsible to me for $103.08.

		Bro't forward, - - - -			1957 77
		"			
		Sold Richard Nelson, Cincinnati, O.			
		15 pcs. Simpson's Silver Grey Prints, 360 yds. @ 10½¢	37 80		
D.B.	2	10 " Bates' Mills Ginghams, - - - 240 " 13	31 20		
		10 " Carleton do. - - - 300 " 17	51		
		5 " Augusta Brown Drilling, - - 200 " 13⅓	27		
		Case and drayage, - - -	1 50		148 50
		60 days.			
		"			
		Sold W. H. Sadler, Baltimore, Md.			
		5 pcs. Augusta Brown Drilling, - - 200 yds. @ 13⅓¢	27		
D.B.	2	5 " Tennessee Plaids, - - - - - 180 " 16¼	29 25		
		5 " Texas do. - - - - - 150 " 25	37 50		
		5 " Crescent Wigan, - - - - - 40 " 10⅞	4 35		
		Case and drayage, - - -	1		99 10
		30 days.			
		20			
		Sold Thos. May Peirce, Philadelphia, Pa.			
		10 pcs. Bates' Mills Ginghams, - - 240 yds. @ 12½¢	30		
D.B.	2	40 " Carleton do. - - 1200 " 16½	198		
		2 " Hampden Cottonades, 30+25, 55 " 31⅓	17 33		
		2 cases and drayage, - - -	2 50		247 83
		30 days.			
		"			
		Sold E. N. Hartshorn, Mt. Union, O.			
		10 pcs. Allendale Sheeting, 12/4, - - 420 yds. @ 50¢	210		
D.B.	2	5 " Union Mills Checks, #70, - - 120 " 14	16 80		
		5 " do. do. #50, - - 150 " 21¾	32 63		
		Case and drayage, - - - -	2		261 43
		60 days.			
		Forward, - - -			2714 63

		Bro't forward, - - - -			2714	63
		〃				
		Sold Felton & Bigelow, Cleveland, O.				
		10 pcs. Manchester Plaids, - - - - 360 yds. @ 12¢	43	20		
D.B.	3	10 " Union Grecian Grey Prints, - 360 " 10½	37	80		
		5 " do. Sideband do. - 180 " 10½	18	90		
		1 doz. "Level" Paris Kid Gloves, - - - - - - - -	23			
		Case and cartage, - - -	1	50	124	40
		60 days.				
		30				
		Sold David N. Lord & Co.				
D.B.	3	20 pcs. Simpson's Sideband Prints, 480 yds. @ 9 9/10¢			47	52
		〃				
		Sold T. P. Remington, Jr.				
D.B.	3	5 pcs. Union Mourning Prints, - - - 120 yds. @ 10¢	12			
		5 " Crescent Wigan, - - - - - 40 " 10	4		16	
		〃				
		Sold Passavant & Co.				
D.B.	3	5 pcs. Magnolia Plaids, - - - - - 150 yds. @ 9½¢			14	25
		〃				
		Sold for cash,				
D.B.	3	10 pcs. Union Sideband Prints, - - - 360 yds. @ 10¢	36			
		31 doz. Clark's O.N.T. Spool Cotton, - - - - - 71	22	01	58	01
		〃				
		[1]Sold for cash, at auction, (*Apr. 15*)				
D.B.	2	Invoice of damaged goods received from Joy, Langdon & Co. of Boston. Net proceeds, - - - - -			175	90
		[2] Sales for April, - - - -			3150	71

[1] When an entry has been omitted on its proper date, enter it under the next convenient date, giving its correct date in parentheses, as in the illustration above.
[2] Compare with the footings of Mdse. acc't. See ¶ 3, p. 87.

Sold Felton & Bigelow, Cleveland, O.

		5 pcs. Pacific Percales,	120 yds. @	25¢	30			
D.B.	4	5 " do. Organdies,	180 "	22	39	60		
		5 " do. Lawns,	125 "	20	25			
		3 " "All Right" Ky. Jeans,	90 "	12½	11	25		
		6 " ¾ Corded Alpacas,	216 "	22	47	52		
		Case and drayage,			2		155	37

60 days.

5

[1]Returned to David N. Lord & Co.

D.B.	4	1 doz. "Level" Paris Kid Gloves, bo't April 26,					21	70

"

Sold Thos. May Peirce, Philadelphia, Pa.

D.B.	4	10 pcs. Union Mills Checks, $ 700,	300 yds. @	16¢	48			
		10 " do. do. do. $ 900,	300 "	18	54			
		1 " Southwark Doeskin,	30 "	44	13	20		
		Case and drayage,			1	50	116	70

60 days.

"

Sold E. N. Hartshorn, Mt. Union, O.

		5 pcs. Bates' Mills Ginghams,	120 yds. @	13¢	15	60		
D.B.	4	5 " Wamsutta Robes,	120 "	10	12			
		15 " Pacific Lawns,	375 "	20	75			
		5 " Merrimac Cambric,	120 "	17	20	40		
		4 " Printed Delaines, 3/4,	96 "	18⅔	17	76		
		1 " Laborer's Doeskin,	30 "	26	7	80		
		Case and drayage,			1	50	150	06

60 days.

10

Sold David N. Lord & Co.

D.B.	4	5 pcs. Dunnell's Robes,	120 yds. @	10⅓			12	60
		Forward,					456	43

[1] A customer returns an article we purchased for him, and it is charged and returned to the party from whom we purchased it. Refer to I. B., p. 84, and see who returned the gloves.

		Bro't forward, - - - -			456	43
		"				
		Sold I. N. Forner, Pittsburgh, Pa.				
D.B.	4	5 pcs. Dunnell's Pink Prints, - - - 120 yds. @ 11⅛¢	13	80		
		2 " National Doeskin, - - - - - 72 " 61	43	92		
		Cash. Case and drayage, - - -	1		58	72
		20				
		Sold Passavant & Co.				
D.B.	5	25 pcs. Amoskeag Blea. Sheeting, 6/4, 1000 yds. @ 20¢			200	
		"				
		Sold T. P. Remington, Jr.				
D.B.	5	25 pcs. Amoskeag "A" Br. Drilling, 950 yds. @ 12¾¢			121	13
		31				
		Sold Thos. May Peirce, Philadelphia, Pa.				
D.B.	5	15 pcs. Pacific Percales, - - - - 360 yds. @ 23½¢	84	60		
		15 " do. Organdies, - - - - 540 " 20⅓	110	70		
		1 " Serge Skirting, 5/8, - - - 24 " 55	13	20		
		Case and drayage, - - -	2		210	50
		60 days.				
		"				
		Sold Passavant & Co.				
D.B.	5	25 pcs. Amoskeag Blea. Sheeting, 10/4, 1000 yds. @ 36¢			360	
		"				
		Sold Felton & Bigelow, Cleveland, O.				
D.B.	5	5 pcs. Lancaster Cambric, - - - - 120 yds. @ 15¢	18			
		5 " Dunnell's Light Fancy Prints, 120 " 10⅓	12	60		
		23 # Samson Twine, - - - - - - - - - 22	5	06		
		7 pcs. Albany, Ky., Jeans, - - - - 210 yds. @ 10½	22	05		
		60 days. Case and cartage, - - -	1			
			58	71		
		By reduction on bill May 1, - - - - - - - - - -	10		48	71
		[1] Sales for May, - - - -			1455	49
		[1] " previous, - - - -			3150	71
		[1] " to date, - - - - -			4606	20

[1] Refer to Note 2, p. 91.

		Sold David N. Lord & Co.			
D.B.	5	20 pcs. Sprague Frock Prints, - - 480 yds. @ 10½¢			50 40
		"			
		Sold T. P. Remington, Jr.			
D.B.	5	5 pcs. Sprague Pink Prints, - - - 120 yds. @ 11¢			13 20
		5			
		Sold C. C. Cochran, Pittsburgh, Pa.			
D.B.	6	20 pcs. Sprague Red Prints, - - - 480 yds. @ 11½¢	55 20		
		10 doz. Globe Mills Spool Cotton, - - - - - 45	4 50		
		1 " "Real Kid" Paris Gloves, - - - - - - -	21		
		Case and cartage, - - - -	1 50		82 20
		60 days, or 2% off for cash.			
		10			
		Sold Passavant & Co.			
D.B.	6	5 pcs. Sprague Pink Prints, - - - - 120 yds. @ 11¢			13 20
		21			
		Sold D. N. Lord & Co.			
D.B.	6	5 pcs. Sprague Pink Prints, - - - 120 yds. @ 11¢			13 20
		"			
		Sold Passavant & Co.			
D.B.	6	5 pcs. Sprague Pink Prints, - - - 120 yds. @ 11¢			13 20
		25			
		Sold T. & G. Gallagher, Johnstown, Pa.			
		20 pcs. Amoskeag ACA Ticking, 36 in., 800 yds. @ 36¢	288		
D.B.	6	20 " do. Denims, - - - - 480 " 24	115 20		
		20 " do. do. B - - - 480 " 18	86 40		
		10 " Sprague Blue and White Prints, 360 " 12¾	45 90		
		2 " "Hoosier" Doeskin, - - - - 72 " 37½	27		
		2 " Deer Island do. - - - - 72 " 60	43 20		
		2 " Conestoga Ticking, - - - - 80 " 23	18 40		
		Cases and cartage, - - -	3		627 10
		60 days.			
		Sales for June, - - - - -			812 50
		" previous, - - - - -			4606 20
		[1] " to date, - - - - -			5418 70

[1] Compare with the Cr. side of Mdse. acc't.

CASH BOOK.

1. The use of this book is important, for by it we determine each day whether all money received or paid out has been entered. Thus, the Dr. side shows all money received; the Cr. side, all money paid out; and the difference between these sides is the amount on hand. When the money in bank and on hand is counted, it must agree with this difference, or balance, shown to be on hand by this book. If it does not, something has been omitted, or an error exists somewhere that must be found and corrected. See ¶ 2, p. 75.

2. As the entries on this book are taken to the Day Book, each must be marked off on the left side of the money column, in ink, thus, ✓

3. In entering money received, write the date in the date column, on the Dr. side; the name of the person or account to be *credited* with it, to the right of the date column; and next, the explanation and amount. Money paid out is entered in the same way on the Cr. side. Separate the Ledger titles from the explanations by drawing a light red ink line down the page. See next page.

4. The footings of this book will agree with those of its representative in the Ledger, if your work of transferring its contents is correct.

5. In ruling this book, care must be taken to draw a footing line under the *longest* column of figures *first*, then draw the footing line, on the other side, immediately *opposite*. It spoils the appearance of your book to have the footing and closing lines, on one side, four or five lines above those on the opposite side.

6. The Balance entries must be written in red, and, after footing and closing lines are drawn, should be brought down on the next line below the closing lines on the Dr. side.

1875.								
Apr.	1	G. A. Gaskell, - - -	Rec'd on account of capital, - - - -	900			
"	5	[1]Mdse. - - - - -	" for sale per S. B. 2, - - - - -	6			
"	10	Bills Receivable, - -	" am't of Jno. Gundry's note, - -	1100			
"	15	German Ins. Co. - -	" in full, - - - - - - - - - -	101	02		
"	"	Mdse. - - - - -	" from sale at auction, S. B. 4,- -	175	90		
"	30	do. - - - - -	" for sale, S. B. 4, - - - - - -	58	01	2340	93
			2340.93 608.38 1732.55				
				2340	93		
			Balance bro't down, - - - - - - -	1732	55		
May	1	Felton & Bigelow, -	Rec'd per W. A. Miller, - - - - -	207	91		
"	5	do. do. -	" on account, - - - - - - - -	150			
"	"	Bills Receivable, - -	" for No. 2, discounted, - - - -	2000			
"	20	I. N. Forner, - - -	" for sight draft on him, - - - -	58	72		
"	"	W. H. Sadler, - - -	" on account bill April 15, - - -	75			
			Forward, - - -	4224	18	2340	93

[1] See Note 2, p. 89.

1875.								
Apr.	1	Mdse.	P'd Freight, I. B. 1,	2	89			
"	"	Expense,	" for Books, &c.,	30				
"	"	do.	" Jno. Connor for Papering,	18				
"	"	do.	" for Postage Stamps,	5				
"	5	Mdse.	" Jno. R. Scott Bill of Boxes,	20				
"	"	Store Fixtures,	" for Counters and Shelving,	180				
"	"	Expense,	" Jno. F. Cluley for Painting,	65				
"	"	do.	" Post-office Box Rent,	2	50			
"	"	do.	" for sundry Tools,	4	10			
"	"	Mdse.	" sundry Freight Bills,	8	72			
"	"	do.	" Insurance on Boston Invoice,	2	57			
"	10	A. H. Hinman,	" on account,	20				
"	"	W. A. Drake,	" do.	25				
"	20	do.	" do.	35				
"	26	Expense,	" Expenses to Boston,	16				
"	"	Mdse.	" Dexter, Abbott & Co., I. B. 4,	33	60			
"	"	Profit and Loss,	" Donation to Tract Society,	5				
"	"	A. H. Hinman,	" on account,	70				
"	30	P. McGee,	" do.	5				
"	"	Jerry Murphy,	" Wages to date,	50				
"	"	W. A. Drake,	" on account,	10			608	38
			Balance to new account, 608.38	*1732*	*55*			
				2340	93			
May	1	G. A. Gaskell,	P'd Rent to date,	50				
"	5	Mdse.	" Freight, I. B. 6,	8	60			
"	"	Interest,	" Discount on Conover's Note,	30				
"	"	A. H. Hinman,	" on account,	10				
"	10	Amoskeag Mfg. Co.	" their Draft,	1456	50			
"	"	W. A. Drake,	" on account,	45				
"	"	G. A. Gaskell,	" do.	100				
"	25	W. A. Drake,	" do.	30				
"	"	I. N. Forner,	" our sight Draft returned,	58	72			
			Forward,	1788	82		608	38

[1] Every debit to Mdse. here will be found also on the Invoice Book, and when transferred to the Day Book must be marked off both books.

1875.								
			Bro't forward,	4224	18	2340	93	
May	31	I. N. Forner,	Rec'd Draft for Bill May 10,	58	72			
"	"	W. H. Sadler,	" for bal. on Bill April 15,	24	10	2574	45	
			4307. 3411.74 895.26					
				4307				
			Bal. bro't down,	895	26			
Jun.	10	C. C. Cochran,	Rec'd for Draft on him,	60	20			
"	"	do.	" for Bill June 5,	80	56			
"	"	Bills Receivable,	" for Draft on D. T. Ames,	115				
"	21	do.	" for " on I. S. Preston,	1828	63			
"	25	do.	" of S. D. Everhart,	100				
"	"	I. N. Forner,	" for Protest Fees of S. D. E.,	2	50	2186	89	
			3082.15 1021.72 2060.43					
				3082	15	7102	27	
July	1		Bal. bro't down,	2060	43			

1875.								
			Bro't forward,	1788	82	608	38
May	31	Mdse.	P'd Freight, I. B. 6,	3	40		
"	"	Bills Payable,	" Acceptance,	1479	52		
"	"	A. H. Hinman,	" on account,	90			
"	"	Jerry Murphy,	" 1 mos. Wages,	50		3411	74
			Balance to N/A, 3411.74	*895*	*26*		
				4307			
Jun.	1	Bills Payable,	P'd Note to Coffin & Altemus,	149	42		
"	"	G. A. Gaskell,	" House Rent,	50			
"	"	do.	" his Taxes,	14	80		
"	10	P. McGee,	" him on account,	5			
"	21	[1]I. N. Forner,	" Protest Fees on Everhart's Note,	2	50		
"	"	W. A. Drake,	" him on account,	10			
"	"	G. A. Gaskell,	" do. do.	50			
"	25	A. H. Hinman,	" do. do.	90			
"	"	W. A. Drake,	" do. do.	90			
"	"	Jerry Murphy,	" him in full to July 1,	50			
"	30	Expense,	" Rent of Office Safe,	10			
"	"	do.	" " Warehouse,	500		1021	72
			Bal. to N/A, 1021.72	*2060*	*43*	*2060*	*43*
				3082	15	7102	27

[1] I. N. Forner, the customer who gave the note, is charged with the protest fees. On June 25, when the same are paid by Everhart, you credit—not Everhart, with whom you have no dealing, but Forner. In cases of this kind many learners would, without a thought as to why or on what account it was paid, credit the sum received to the party sending it. See ¶ 8, p. 51.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

REMARKS ON BILL BOOKS—RULES FOR COMPUTING TIME.

1. Let the pupil examine carefully the headings of both books, and no other explanation is needed of their use and manner of entering notes and bills.

2. When a note is received from a customer, it is entered, with all the particulars required, in the Bills Receivable Book. In making up the Day Book, the book-keeper transfers it, and affixes a transfer mark—thus, ✓—in ink on the left of the inner money column. When your own note is given out in settlement of a bill or account, it is entered with almost the same particulars in the Bills Payable Book, and is marked off in the same way when transferred to the Day Book.

3. In receiving or delivering the notes, either those of other persons or your own, Bills Receivable or Bills Payable must always be debited or credited for the face of the notes, and never for that for which they are received or given in payment. When a note is not received or delivered at its face, debit or credit Profit and Loss or Interest for the difference. Thus, if you buy Z. C. Marlatt's note for $500, and pay him in cash $480, your books must show—1st, that a note for $500 has been received; 2d, that $480 in cash has been delivered; 3d, that you have gained $20 by the transaction. See note Bills Receivable account, p. 45.

4. Great care must be exercised in extending the date of maturity of bills and notes on the Bill Books. A mistake in this part of the book-keeper's work is a serious one, invariably resulting in loss of money or credit. To guide the learner in the important work of determining the date of maturity of notes and bills, the following Rules are given:

TO FIND THE DATE OF MATURITY WHEN THE RUNNING TIME IS IN DAYS.

Rule. Count the number of *days* the note or draft has to run after the day of date or acceptance to and including the day of maturity, and add three days of grace.

To illustrate the Rule, take a note dated Feb. 28, 1875, at thirty days.

The running time is thirty days, and expires March 30, to which we add three days of grace, making the note due and payable on April 2, or thirty-three days from its date.

WHEN THE RUNNING TIME IS IN MONTHS.

Rule. Count from the date to the corresponding date of the next month, and so on until the number of months specified on the face of the note have been allowed, then add three days of grace.

5. Calendar months, just as they are found on the calendar, are always understood, and business usage will not permit you to extend the time of payment, because there may be a short month—February, for instance—in the term of months the draft or note may have to run. To illustrate: Two notes dated Dec. 28 and Dec. 31, 1874, each having two months to run, will both fall due the same day, viz., March 3, 1875. It would be contrary to the custom of merchants and banks to extend the time of the last note because February has only twenty-eight days. Again: Two notes dated February 28 and March 1, 1875, at one month, will fall due March 31 and April 4, one day's difference in date, making four days' difference in maturity.

6. The pupil should be required to compute the time of maturity of all notes and bills recorded in the Bill Books.

7. The footings of the money columns in this book agree with the footings of their respective accounts in the Ledger—the Dr. side of Bills Receivable showing notes of others received, and the Cr. side of Bills Payable your own notes delivered or paid out.

8. Make no entries to the right of the inner money column until after an entry in some other book shows that the note has been properly disposed of.

Note. This subject is exhaustively illustrated in the Counting House edition of "Duff's Mercantile, Bank, and Railroad Book-keeping."

BILLS

Date.		No.	DRAWER'S NAME.	IN WHOSE FAVOR.	ON WHAT ACC'T.	TIME.
1875.						
Jan.	2	1	Jno. Gundry, - - - -	Myself, - - - - - - - -	My own (Stock), -	3 mos.
Apr.	1	2	J. S. Conover, - - -	D. L. Musselman, - - -	do. (Stock), -	3 "
"	10	3	S. D. Everhart, - - -	I. N. Forner, - - - - -	I. N. Forner's, - -	60 days.
"	10	4	J. R. Scott, - - - -	Draft on D. T. Ames, - -	R. Nelson's, - - -	60 "
June	5	5	T. M. Peirce, - - - -	" " I. S. Preston, - -	T. M. Peirce, - -	5 "

BILLS

Date.		No.	DRAWER'S NAME.	IN WHOSE FAVOR.	ON WHAT ACC'T.	TIME.
1875.						
Mar.	30	1	Myself, - - - - - -	Coffin & Altemus, - - -	Bill Mar. 30 and Int.	60 days.
"	29	2	Hood, Bonbright & Co.	Draft on myself, - - - -	" " 29 - - -	60 ds. sgt.
"	31	3	Myself, - - - - - -	D. N. Lord & Co. - - -	" " 31 - - -	3 mos.
June	30	4	Joy, Langdon & Co. -	Draft on myself, - - - -	" " 30 - - -	30 ds. sgt.
"	26	5	Myself, - - - - - -	Wm. Simpson, Sons & Co.	Acc't to June 30, -	2 mos.

RECEIVABLE.

WHEN DUE.												AMOUNT.		WHEN AND HOW DISPOSED OF.			AMOUNT.	
Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.							
			[1] 2/5											1875.				
												1100		Apr.	10	C. B. 1 - -	1100	
						1/4						2000		May	5	Discounted.	2000	
					9/12							100		June	25	C. B. 2 - -	100	
					9/12							115		"	10	C. B. 2 - -	115	
					10/ /13							1828	63	"	21	C. B. 2 - -	1828	63
												5143	63				5143	63

[1] The figures 2/5 show that the running time expires April 2, and adding three days of grace, makes it due April 5; in other words, the figures show that you have not neglected to add days of grace.

PAYABLE.

WHEN DUE.												AMOUNT.		WHEN AND HOW PAID.			AMOUNT.	
Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.							
					29/1									1875.				
												149	42	June	1	C. B. 2 - -	149	42
				28/ /31								1479	52	May	31	C. B. 2 - -	1479	52
						30/3						582				See foot-notes below.		
							30/3					257	70					
							26/ /29					1150	06					

See ¶ 7, p. 101.

See ¶ 8, p. 101.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

THE DAY BOOK.

1. This book may be dispensed with, and the contents of the auxiliary books may be transferred direct to the Journal. Considerable time and writing could thus be saved. But believing that the Day Book tends to simplify the primary steps, we use it here.

2. This book is made up by transferring the contents of the different auxiliary books into it—one day's business at a time. Before transferring, the student must compare the transfers on his text-book for several days' business to understand the nature of the work. He should endeavor to determine what constitutes a proper Day Book entry, and to satisfy himself that when a Day Book entry is composed of such words as will enable him to make a proper Journal entry, it is sufficient, whether worded the same as the text-book or not. A Day Book entry is nothing but a plain statement of a business transaction. It could be stated satisfactorily in a letter to a friend, but seems difficult to make on a Day Book. After the examination, make up your Day Book for one day's business on a slate or a loose sheet of paper. Begin with any auxiliary book. If the transfers are correct, you may go over the same day's business and transfer it to your manuscript Day Book in the same manner as you would do in business. While making these transfers, be particular to use the transfer marks as directed in ¶ 6, p. 77, ¶ 7, p. 77, ¶ 2, p. 79, ¶ 6, p. 87, ¶ 2, p. 95, and ¶ 2, p. 100. After the transfer of a day's business is completed, examine the printed Day Book, and if any original entries are found, copy them in your Day Book. See last entry on April 26. Then rule your Day Book, journalize, post, and check. See directions on pp. 38, 39, and 40.

3. To make himself familiar with the transfer marks, their use and location, the student may copy the Day Book for April 1 from his text-book. While doing so he must keep the auxiliary books at hand so as to mark each transfer as fast as made. Permission to copy one day's business must not be construed into permission to copy all the Day Book.

		G. A. Gaskell begins business with a capital of $4000, as follows:					
1	✓	Cash in hand, per C. B. 1,			900		
		John Gundry's note, per Bill Book,	$1100.				
		J. S. Conover's " " " "	2000.		3100		4000
		"					
		[2]Bo't of Hood, Bonbright & Co. Mdse. at 60 ds. I. B. 1			1479	52	
		" " David N. Lord & Co. do. " 90 " " 1			582		
	✓	" " W. Simpson, Sons & Co. do. " 60 " " 1			465	88	
		" " Campbell, Knowles & Co. do. " 60 " " 2			293	35	
		" " Coffin & Altemus, do. " C. " 2			147	10	
		" " Joy, Langdon & Co. do. " 4 mos. " 3			257	70	3225 55
		"					
		P'd Cash for Freight on Mdse.			2	89	
	✓	" " " Books and Stationery for office use,	$30.				
		" " " Paper Hanging in office,	18.				
		" " " Postage Stamps,	5.		53		55 89
		5					
		[2]Sold Thos. May Peirce, Mdse. at 60 ds. per S. B. 1			1253	60	
	✓	" Charles C. Cochran, do. " 60 " " " 1			60	20	
		" E. N. Hartshorn, do. " 60 " " " 1			215	83	
		" Felton & Bigelow, do. " 30 " " " 2			207	91	
		" for Cash, do. " " 2			6		1748 54
		"					
		P'd Cash for bill of Packing Cases,			20		
	✓	" " " Counters and Shelving,			180		
		" " " Painting Office, &c.	$65.				
		" " " Post-office Box Rent,	2.50				
		" " " Store Tools,	4.10		71	60	
		" " " Sundry Freight bills,	8.72				
		" " " Marine Insurance,	2.57		11	29	282 89

[1] See Note 4, p. 28.
[2] We give the terms of both purchases and sales. See Forms 10 and 11, pp. 136, 137.

	Sold I. N. Forner Mdse. per S. B. 2 @ 30 ds. - - -	111	15		
	[1] The appraisers appointed to determine the percentage of loss on the goods shipped by Joy, Langdon & Co. of Boston, and insured against loss or damage in the German Insurance Co., have awarded per S. B. 2 - - - - - - - - - - - - - - - -	103	08	214	23
	"				
	Rec'd Cash in payment of Bills Rec. $1 - - - - -			1100	
	"				
	P'd Cash to A. H. Hinman (book-keeper) on acc't, - -	20			
	" " " W. A. Drake (salesman) on acc't, - - -	25		45	
	"				
	Gave Coffin & Altemus my Note No. 1, dated Mar. 30, at 60 days, for - - - - - - - - - - - - - - -	147	10		
	And Interest at rate of 9%, - - - - - - - - - -	2	32	149	42
	15				
	Bo't of Wm. Simpson, Sons & Co. Mdse. per I. B. 3 -			345	20
	"				
	Sold Richard Nelson Mdse. at 60 ds. per S. B. 3 - -	148	50		
	" W. H. Sadler " " 30 " " " 3 - -	99	10	247	60
	"				
	[2]Rec'd Cash from German Insurance Co. in full, - -	101	02		
	" " for sale of Damaged Goods at auction, - -	175	90	276	92
	"				
	[3]Accepted Hood, Bonbright & Co.'s Draft, at 60 days sight, viz., Mar. 29, for am't of their bill of same date.			1479	52
	20				
	Sold Thos. May Peirce Mdse. per S. B. 3 @ 30 ds. - -	247	83		
	" E. N. Hartshorn do. " " 3 @ 60 " - -	261	43	509	26

[1] See Note 3, p. 89.
[2] If an entry that should close an account will not do so, the book-keeper must conclude that either an allowance or a mistake has been made in settlement. If an allowance has been made, it must be entered immediately.
[3] This was a draft with the date of acceptance *fixed* at same date as bill of Mdse.

P'd Cash to W. A. Drake, on acc't, - - - - - - -			35	
"				
Rec'd of I. N. Forner, on acc't, S. D. Everhart's Note for			100	
26				
Sold Felton & Bigelow Mdse. per S. B. 4, at 60 days, -			124	40
"				
P'd Cash for Expenses of Trip to Boston, - - - - -	16			
[1] " " " Dexter, Abbott & Co.'s bill, - - - - -	33	60		
" " " Donation, - - - - - - - - - - -	5			
" " to A. H. Hinman, on acc't, - - - - - - -	70		124	60
"				
Rec'd of Rich'd Nelson, on acc't, Draft on D. T. Ames,			115	
"				
[2]Allowed the German Ins. Co. 2% disc't for Cash on my Claim for Damages, - - - - - - - - - - - -			2	06
30				
[3]Bo't of D. N. Lord & Co. Mdse. per I. B. 4. 4 bills,	46	05		
" " Passavant & Co. do. " " 4. 2 "	78	50		
" " T. P. Remington, Jr. do. " " 4. 1 "	10	30	134	85
"				
Sold David N. Lord & Co. Mdse. per S. B. 4, - - -	47	52		
" T. P. Remington, Jr. do. " " 4, - - -	16			
" Passavant & Co. do. " " 4, - - -	14	25		
" for Cash, do. " " 4, - - -	58	01	135	78
"				
P'd Cash to P. McGee (drayman), on acc't, - - - -	5			
" " " Jerry Murphy (warehouseman), on acc't, -	50			
" " " W. A. Drake, on acc't, - - - - - - -	10		65	

[1] Refer to your I. B. to see what this bill was for, or you will not know what to debit for $33.60 in your Journal.

[2] This is termed an original entry, as it is not to be found in any of the auxiliary books. Copy it into your Day Book, as directed in the lower part of ¶ 2, p. 104. This amount was allowed on April 15, but no entry was made of it then. See Note 2, p. 106.

[3] To save space and labor, we give the number of bills and total amount only. We have details in Invoice Book.

Sold Felton & Bigelow Mdse. per S. B. 5,			155 37
"			
Rec'd of Felton & Bigelow, per W. A. Miller, Cash in payment of their bill April 5,			207 91
"			
P'd G. A. Gaskell, on acc't, Cash for House Rent,			50
5			
Bo't of Amoskeag Manf'g Co. Mdse. per I. B. 5,	1456 50		
Ret'd by Felton & Bigelow do. " " 5,	23		1479 50
"			
Sold D. N. Lord & Co. Mdse. per S. B. 5,	21 70		
" Thos. May Peirce do. " " 5, @ 60 ds.	116 70		
" E. N. Hartshorn do. " " 5, @ 60 "	150 06		288 46
"			
Rec'd Cash from Felton & Bigelow, on acc't,	150		
[1] " " for J. S. Conover's Note, discounted,	2000		2150
"			
P'd Cash for Freight on Mdse.	8 60		
[1] " " " Discount on J. S. Conover's Note,	30		
" " to A. H. Hinman, on acc't,	10		48 60
10			
Sold D. N. Lord & Co. Mdse. per S. B. 5,	12 60		
" I. N. Forner do. " " 6, Cash,	58 72		71 32
"			
P'd Cash to Amoskeag Manf'g Co. on sgt. D'ft,	1456 50		
" " " W. A. Drake, on acc't,	45		
" " " G. A. Gaskell, " "	100		1601 50
"			
Gave David N. Lord my Note No. 3, at 3 mos., in settlement of bill Mar. 31,			582

[1] The face of the note is entered as money received, and, in the next entry, the discount is entered as money paid out. Make an entry in the "Bill Book" to show "how disposed of." See ¶ 3, p. 100.

Sold Passavant & Co. Mdse. per S. B. 6,	200			
" T. P. Remington, Jr. do. " " 6,	121	13	321	13
"				
[1]Rec'd Cash of I. N. Forner for bill of May 10,	58	72		
" " " W. H. Sadler, on acc't of bill Apr. 15,	75		133	72
25				
P'd Cash to W. A. Drake, on acc't,	30			
[1] " " " lift our Draft on I. N. Forner, returned,	58	72	88	72
31				
Bo't of A. & W. Sprague Mfg. Co. Mdse. per I. B. 5, 60 ds.	177			
" " D. N. Lord & Co. do. " " 5, 1 bill.	46	18		
" " T. P. Remington, Jr. do. " " 5, 6 "	91	23		
" " Passavant & Co. do. " " 5, 3 "	48		362	41
"				
Sold Thos. May Peirce Mdse. per S. B. 6, 60 ds.	210	50		
" Passavant & Co. do. " " 6,	360			
" Felton & Bigelow do. " " 6, 60 da.	48	71	619	21
"				
Paid Cash for Freight on Mdse.	3	40		
[2] " " " my Acceptance No. 2,	1479	52		
" " to A. H. Hinman, on acc't,	90			
" " " Jerry Murphy for 1 mos. wages,	50		1622	92
"				
Rec'd Cash of I. N. Forner for bill May 10,	58	72		
" " " W. H. Sadler for bal. on bill Apr. 15,	24	10	82	82
June 1				
Sold David N. Lord & Co. Mdse. per S. B. 7,	50	40		
" T. P. Remington, Jr. do. " " 7,	13	20	63	60
"				
P'd Cash for my Note in favor of Coffin & Altemus,	149	42		
" " to G. A. Gaskell, on acc't,	64	80	214	22

[1] We gave Forner credit with this draft—Cash Book, May 20—and therefore charge him with what it costs to take it up, *i. e.*, to pay it when returned unpaid. See ¶ 3, p. 51.

[2] Make an entry in Bill Book to show "when and how paid."

Sold C. C. Cochran Mdse. per S. B. 7, at 60 ds. - - -			82	20
"				
Rec'd of Thos. May Peirce his Draft, at 5 days, on I. S. Preston, in full to date, - - - - - - - - - -			1828	63
10				
Sold Passavant & Co. Mdse. per S. B. 7, - - - - -			13	20
"				
Rec'd of C. C. Cochran for my Draft on him, - - -	60	20		
" " " " " bill June 5, - - - - - -	80	56		
[1] " for Nelson's Draft on Ames, No. 4, - - - - -	115		255	76
"				
[2]Allowed C. C. Cochran 2% discount on bill June 5 for Cash, - - - - - - - - - - - - - - - - - -			1	64
"				
P'd Cash to P. McGee, on acc't, - - - - - - - - -			5	
21				
Sold David N. Lord & Co. Mdse. per S. B. 7, - - - -	13	20		
" Passavant & Co. do. " " 7, - - - -	13	20	26	40
"				
Rec'd Cash for Draft on I. S. Preston, collected, No. 5,			1828	63
"				
[3]P'd Cash for protest fees on Note from I. N. Forner, -	2	50		
" " to W. A. Drake, on acc't, - - - - - - - -	10			
" " to G. A. Gaskell, " - - - - - - -	50		62	50
25				
Sold T. & G. Gallagher Mdse. per S. B. 7, - - - -			627	10
"				
[4]Rec'd Cash of S. D. Everhart in payment of Note, - -	100			
" " " " for protest fees, - - -	2	50	102	50

[1] Make an entry in Bill Book to show "when and how disposed of."
[2] See Note 2, p. 107. This allowance was agreed upon at time of sale. See Sales Book, June 5, p. 94.
[3] See Note 1 in Cash Book, p. 99.
[4] See Note 1 above; also Note 1, p. 99.

P'd Cash to A. H. Hinman, on acc't,	90			
" " " W. A. Drake, "	90			
" " " Jerry Murphy, in full to July 1,	50		230	
30				
Bo't of W. Simpson, Sons & Co. Mdse. per I. B. 6, @ 60 ds.	327	60		
" " T. P. Remington, Jr. do. " " 6,	80	60		
P. McGee's bill of Cartage, " " 6,	21		429	20
"				
P'd Cash for 3 mos. Rent of Office Safe,	10			
" " " 3 " " " Warehouse,	500		510	
"				
Accepted Joy, Langdon & Co.'s Draft for			257	70
"				
[1]Gave Wm. Simpson, Sons & Co. my Note, at 2 mos., in settlement of acc't due by average June 26,	1138	68		
2 mos. Interest added for extra time,	11	38	1150	06
"				
Due A. H. Hinman for 3 mos. Salary to date,	300			
" W. A. Drake " 3 " " "	270			
" Jerry Murphy " 3 " " "	150		720	

[1] Rule for equating time on accounts will be found on p. 178.

Note. The teacher should direct the learner to again peruse the directions on p. 74.

1	Sundries Dr. To Stock,					4000	
2	Cash,	900					
4	Bills Receivable,	3100					
	"						
3	Mdse. Dr. To Sundries,	3225	55				
3	[1]To Hood, Bonbright & Co. - - - - Mar. 29, 60 ds.					1479	52
4	" David N. Lord & Co. - - - - - " 31, 90 "					582	
4	" Wm. Simpson, Sons & Co. - - - " 29, 60 "					465	88
5	" Campbell, Knowles & Co. - - - " 29, 60 "					293	35
5	" Coffin & Altemus, - - - - - - " 30, cash.					147	10
5	" Joy, Langdon & Co. - - - - - " 30, 4 mos.					257	70
	"						
2	Sunds. To Cash,					55	89
3	Mdse.	2	89				
6	Expense,	53					
	5						
3	Sunds. To Mdse.					1743	54
5	[2]Thos. May Peirce, - - - - - - - - - 60 ds.	1253	60				
5	Chas. C. Cochran, - - - - - - - - - 60 "	60	20				
6	E. N. Hartshorn, - - - - - - - - - 60 "	215	83				
6	Felton & Bigelow, - - - - - - - - - 30 "	207	91				
2	Cash,	6					
	"						
2	Sunds. To Cash,					282	89
3	Mdse.	20					
7	Store Fixtures,	180					
6	Expense,	71	60				
3	Mdse.	11	29				

[1] The date of this and subsequent invoices may be entered in the Ledger instead of the date of entry here. When this is done, and the term of credit given as in Hood, Bonbright & Co.'s acc't, the book-keeper can determine the exact maturity of each bill by the Ledger acc't.

[2] The term of credit, or date of maturity, may be given for this and subsequent sales in the Ledger. We illustrate both plans in the accounts of Thos. May Peirce and C. C. Cochran. Refer to them.

3	Sunds. Dr. To Mdse.				214	23
6	I. N. Forner,	111	15			
7	German Insurance Co.	103	08			
	"					
2	Cash Dr.	1100				
4	To Bills Receivable,			1100		
	"					
2	Sunds. Dr. To Cash,				45	
7	A. H. Hinman,	20				
7	W. A. Drake,	25				
	"					
8	Sunds. Dr. To Bills Payable,				149	42
5	Coffin & Altemus,	147	10			
8	Interest,	2	32			
	15					
3	Mdse. Dr.	345	20			
4	To Wm. Simpson, Sons & Co.			345	20	
	"					
3	Sunds. To Mdse.				247	60
8	Richard Nelson,	148	50			
8	W. H. Sadler,	99	10			
	"					
2	Cash Dr. To Sunds.	276	92			
7	To German Insurance Co.			101	02	
3	" Mdse.			175	90	
	"					
3	Hood, Bonbright & Co. Dr.	1479	52			
8	To Bills Payable,			1479	52	
	20					
3	Sunds. To Mdse.				509	26
5	Thos. May Peirce,	247	83			
6	E. N. Hartshorn,	261	43			

Note. If the learner finds it difficult to journalize this set, have him review the exercises beginning on p. 53.

7	Wm. A. Drake, Dr.			85		
2	To Cash,					85
	"					
4	Bills Receivable, Dr.			100		
6	To I. N. Forner,					100
	26					
6	Felton & Bigelow, Dr.			124	40	
3	To Mdse.					124 40
	"					
2	Sunds. Dr. To Cash,					124 60
6	Expense,			16		
3	Mdse.			33	60	
1	Profit & Loss,			5		
7	A. H. Hinman,			70		
	"					
4	Bills Receivable, Dr.			115		
8	To Richd. Nelson,					115
	"					
8	Interest, Dr.			2	06	
7	To German Ins. Co.					2 06
	30					
3	Mdse. Dr. To Sunds.			134	85	
4	[1]To D. N. Lord & Co.		4 Bills,			46 05
9	" Passavant & Co.		2 "			78 50
9	" T. P. Remington, Jr.					10 30
	"					
3	Sunds. Dr. To Mdse.					135 78
4	D. N. Lord & Co.			47	52	
9	T. P. Remington, Jr.			16		
9	Passavant & Co.			14	25	
2	Cash,			58	01	

[1] See Note 3, p. 107.

2	Sundries Dr. To Cash,					65
9	P. McGee,		5			
9	Jerry Murphy,		50			
7	W. A. Drake,		10			
	May 1					
6	Felton & Bigelow, Dr.		155	37		
3	To Mdse.				155	37
	"					
2	Cash Dr.		207	91		
6	To Felton & Bigelow,				207	91
	"					
1	G. A. Gaskell, Dr.		50			
2	To Cash,				50	
	5					
3	Mdse. Dr. To Sunds.		1479	50		
10	To Amoskeag Mfg. Co.				1456	50
6	" Felton & Bigelow,				23	
	"					
3	Sunds. To Mdse.				288	46
4	D. N. Lord & Co.		21	70		
5	Thos. May Peirce,		116	70		
6	E. N. Hartshorn,		150	06		
	"					
2	Cash Dr. To Sunds.		2150			
6	To Felton & Bigelow,				150	
4	" Bills Receivable,				2000	
	"					
2	Sunds. To Cash,				48	60
3	Mdse.		8	60		
8	Interest,		30			
7	A. H. Hinman,		10			

3	Sundries To Mdse.				71	32
4	D. N. Lord & Co.		12	60		
6	I. N. Forner,		58	72		
	"					
2	Sunds. to Cash,				1601	50
10	Amoskeag Mfg. Co.		1456	50		
7	W. A. Drake,		45			
1	G. A. Gaskell,		100			
	"					
4	D. N. Lord & Co., Dr.		582			
8	To Bills Payable,				582	
	20					
3	Sunds. Dr. To Mdse.				321	13
9	Passavant & Co.		200			
9	T. P. Remington, Jr.		121	13		
	"					
2	Cash Dr. To Sunds.		133	72		
6	To I. N. Forner,				58	72
8	" W. H. Sadler,				75	
	25					
2	Sunds. To Cash,				88	72
7	W. A Drake,		30			
6	I. N. Forner,		58	72		
	31					
3	Mdse. Dr. To Sunds.		362	41		
10	To A. & W. Sprague, Mfg. Co.				177	
4	D. N. Lord & Co.	1 Bill.			46	18
9	T. P. Remington, Jr.	6 "			91	23
9	Passavant & Co.	3 "			48	

3	Sunds. To Mdse.			619	21
5	Thos. May Peirce,	210	50		
9	Passavant & Co.	360			
6	Felton & Bigelow,	48	71		
	"				
2	Sunds. To Cash,			1622	92
3	Mdse.	8	40		
8	Bills Payable,	1479	52		
7	A. H. Hinman,	90			
9	Jerry Murphy,	50			
	"				
2	Cash Dr. To Sunds.	82	82		
6	To I. N. Forner,			58	72
8	" W. H. Sadler,			24	10
	June 1				
3	Sunds. To Mdse.			63	60
4	D. N. Lord & Co.	50	40		
9	T. P. Remington, Jr.	13	20		
	"				
2	Sunds. To Cash,			214	22
8	Bills Payable,	149	42		
1	G. A. Gaskell,	64	80		
	5				
5	C. C. Cochrane, Dr.	82	20		
3	To Mdse.			82	20
	"				
4	Bills Receivable, Dr.	1828	63		
5	To Thos. May Peirce,			1828	63
	10				
9	Passavant & Co. Dr.	13	20		
3	To Mdse.			13	20

2	Cash Dr. To Sunds,			255	76	
5	To C. C. Cochran,					140 76
4	" Bills Receivable,					115
		"				
8	Interest, Dr.			1	64	
5	To C. C. Cochran,					1 64
		"				
9	P. McGee, Dr.			5		
2	To Cash,					5
		21				
3	Sunds. To Mdse.					26 40
4	D. N. Lord & Co.			13	20	
9	Passavant & Co.			13	20	
		"				
2	Cash Dr.			1828	63	
4	To Bills Receivable,					1828 63
		"				
2	Sunds. Dr. To Cash,					62 50
6	I. N. Forner,			2	50	
7	W. A. Drake,			10		
1	G. A. Gaskell,			50		
		25				
10	T. & G. Gallagher, Dr.			627	10	
3	To Mdse.					627 10
		"				
2	Cash Dr. To Sunds.			102	50	
4	To Bills Receivable,					100
6	" I. N. Forner,					2 50

2	Sunds. To Cash,				230	
7	A. H. Hinman,		90			
7	W. A. Drake,		90			
9	Jerry Murphy,		50			
	30					
3	Mdse. Dr. To Sunds.		429	20		
4	To Wm. Simpson, Sons & Co.				327	60
9	" T. P. Remington, Jr.				80	60
9	" P. McGee,				21	
	"					
6	Expense, Dr.		510			
2	To Cash,				510	
	"					
5	Joy, Langdon & Co. Dr.		257	70		
8	To Bills Payable,				257	70
	"					
8	Sunds. Dr. To Bills Payable,				1150	06
4	Wm. Simpson, Sons & Co.		1138	68		
8	Interest,		11	38		
	"					
6	Expense Dr. To Sunds.		720			
7	To A. H. Hinman,				300	
7	" W. A. Drake,				270	
9	" Jerry Murphy,				150	

THE LEDGER.

1. After the student has compared and checked the transfers for one day's business from Day Book to Journal, he is ready to transfer the entries from Journal to Ledger, *i. e.*, to *post* his Journal. See directions for "Opening and Posting," pp. 38, 39, 40. In business, the accounts in the Ledger are opened and indexed as required by the transactions, and as much space is given to each account as the book-keeper thinks proper. Here the learner opens all accounts before posting.

2. At the end of *each* month after your posting is checked, as directed on p. 40, take off a proof sheet or "Trial Balance." See ¶ 10, p. 40, and Form, p. 49. As you add the open accounts, place the footings in pencil close under dollars and cents on the Dr. and Cr. sides. You will then have only one month's posting to add to the footings of the previous month for the next monthly proof sheet. When taking off proof sheet *preparatory to closing the Ledger*, the pencil footings, instead of being placed close under dollars and cents, are placed in the explanation column, to the left of folio column. The remainder, after subtracting the lesser amount from the greater, is termed the "Balance." Insert this balance in your proof sheet, with the name of the account it is taken from.

3. If the proof sheet does not show the debits and credits to be equal, proceed as directed in ¶ 1, p. 74.

4. When ready for closing, read the directions and commit the Rules for closing the Ledger on p. 41. To understand the application of Rules, the learner must be familiar with classification of accounts. See p. 72.

5. In closing the Ledger, in business, it is not necessary to close any of the unsettled personal accounts. Find the "Balance" in pencil, as directed above, and transfer it to the proper side of Balance Acc't. Refer to some of the personal acc'ts and see how this is done. The teacher may, if he thinks proper, direct the pupil to close all personal accounts, and bring down the balance, as in Ledger, Set II. Learners are apt to neglect their transfers to Profit and Loss and Balance when closing.

INDEX.

Amoskeag Manf'g Co. . . . 10
Bills Receivable, ... 4
Bills Payable, ... 8
Balance Account, ... 10
Cash, ... 2
Campbell, Knowles & Co. . . 5
Coffin & Altemus, ... 5
Cochran, Chas. C. 5
Drake, W. A. 7
Expense Acc't, ... 6
Felton & Bigelow, ... 6
Forner, I. N. 6
Gaskell, G. A. 1
German Ins. Co. 7
Gallagher, T. & G. 10
Hood, Bonbright & Co. . . . 3
Hartshorn, E. N. 6
Hinman, A. H. 7
Interest, ... 8
Joy, Langdon & Co. 5
K
Lord, David N. & Co. . . . 4
Mdse. 3
Murphy, Jerry, ... 9
McGee, P. 9
Nelson, Richard, ... 8
O
Profit and Loss, ... 1
Peirce, Thomas May, ... 5
Passavant & Co. 9
Remington, T. P., Jr. 9
Stock Account, ... 1
Simpson, Wm. Sons & Co. . . 4
Store Fixtures, ... 7
Sadler, W. H. 8
Sprague Manf'g Co. 10
T
U
V
W
X
Y
Z

Note. In business, the Index is in book form, with one or more pages reserved for each letter of the alphabet. The leaves are cut so as to make an offset on which the letters of the alphabet are pasted. Then by placing the thumb on a letter, the book can be thrown open to find any name beginning with that letter. In business, the book-keeper, to save time, may use what is called the "Vowel Index." In this, two pages are required for each letter of the alphabet. These pages are divided by red lines into six columns—three on each page. Each is headed with a vowel—thus, A, E, I, O, U, Y. Names are distributed as indicated by their *second* letter, if a vowel. Thus, to index Felton & Bigelow, turn to "F" and enter it in the column headed "E." To index I. N. Forner, enter it in the column headed "O." To have the learner understand this form, the teacher should illustrate it.

1

Dr. STOCK ACCOUNT. Cr.

1875.							1875.					
June	30	To G. A. Gaskell, f.	1	264	80		Apr.	1	By Sundries, - -	1	4000	
"	"	" Profit & Loss, f.	1	886	99				4000.			
"	"	" *Balance,* 1151.79 *f.*	*10*	*2848*	*21*				1151.79			
				4000					2848.21		4000	
							July	1	By Bal. bro't down,		2848	21

Answer the questions under Stock acc't, p. 43. N.B. The teacher must ask the questions, and not expect the pupil to give the answers as in the text-book without the question.

PROFIT AND LOSS.

1875.						1875.					
Apr.	26	To Cash, - - - -	3	5		June	30	By Mdse. - - f.	3	536	01
June	30	" Expense, - f.	6	1370	60	"	"	" Stock, - - f.	1	886	99
"	"	" Interest, - - f.	8	47	40						
		1423.									
		536.01		1423						1423	
		Net Loss, 886.99									

Answer the questions under Profit and Loss, p. 48.

G. A. GASKELL.

1875.						1875.					
May	1	To Cash, - - - -	4	50		June	30	By Stock, - - f.	1	264	80
"	10	" do. - - - -	5	100							
June	1	" do. - - - -	6	64	80						
"	21	" do. - - - -	7	50							
				264	80					264	80

This account shows what the owner has drawn out, and is closed into Stock. The learner can see that a loss in business has the same effect in reducing the capital as money or goods withdrawn by the owner would have. Accounts of this kind are kept with owners to avoid making numerous entries in the Stock acc't.

Dr. CASH ACCOUNT. *Cr.*

1875.						1875.					
Apr.	1	To Stock,	1	900		Apr.	1	By Sunds.	1	55	89
"	5	" Mdse.	"	6		"	5	" do.	"	282	89
"	10	" Bills Rec.	2	1100		"	10	" do.	2	45	
"	15	" Sunds.	"	276	92	"	20	" W. A. Drake,	3	35	
"	30	" Mdse.	3	58	01	"	26	" Sunds.	"	124	60
		2240.93				"	30	" do.	4	65	
		606.38				"	"	" *Balance,* 606.38		*1732*	*55*
		1732.55									
				2340	93					2340	93
May	1	To Bal. bro't down,	4	1732	55	May	1	By G. A. Gaskell,	4	50	
"	"	" Felt. & Bigelow,	"	207	91	"	5	" Sunds.	"	48	60
"	5	" Sunds.	"	2150		"	10	" do.	5	1601	50
"	20	" do.	5	133	72	"	25	" do.	"	88	72
"	31	" do.	6	82	82	"	31	" do.	6	1622	93
		4307.				"	"	" *Balance,* 3411.74		*895*	*26*
		3411.74									
		895.26									
				4307						4307	
June	1	To Bal. bro't down,	7	895	26	June	1	By Sunds.	6	214	22
"	10	" Sunds.	"	255	76	"	10	" do.	7	5	
"	21	" Bills Rec.	"	1828	63	"	21	" do.	"	62	50
"	25	" Sunds.	"	102	50	"	25	" do.	8	230	
		3082.15				"	30	" Expense,	"	510	
		1021.72				"	"	" *Balance,* 1021.72 *f.*	*10*	*2060*	*43*
		2060.43									
				3082	15					3082	15
July	1	To Bal. bro't down,		2060	43						

This account is balanced monthly, and must agree with the Cash Book, pp. 96–98.

Answer the questions under Cash acc't, p. 43.

Dr. MDSE. ACCOUNT. *Cr.*

1875.					1875.				
Apr.	1	To Sunds.	1	3225 55	Apr.	5	By Sunds.	1	1743 54
"	"	" Cash,	"	2 89	"	10	" do.	2	214 23
"	5	" do.	"	20	"	15	" do.	"	247 60
"	"	" do.	"	11 29	"	"	" Cash,	"	175 90
"	15	" Simp. Sons & Co.	2	345 20	"	20	" Sunds.	"	509 26
"	26	" Cash,	3	33 60	"	26	" Felt. & Bigelow,	3	124 40
"	30	" Sunds.	"	134 85	"	30	" Sunds. 3150.71	"	135 78
May	5	" do. * 3773.38	4	1479 50	May	1	" Felt. & Bigelow,	4	155 37
"	"	" Cash,	"	8 60	"	5	" Sunds.	"	288 46
"	31	" Sunds.	5	362 41	"	10	" do.	5	71 32
"	"	" Cash, 5697.29	6	3 40	"	20	" do.	"	321 13
June	30	" Sunds. 6056.49	8	429 20	"	31	" do. 4606.20	6	619 21
"	"	" Profit & Loss, f.	1	536 01	June	1	" do.	"	63 60
					"	5	" C. C. Cochran,	"	82 20
					"	10	" Passavant & Co.	"	13 20
					"	21	" Sunds.	7	26 40
					"	25	" T. & G. Gallag'r, 5418.70	"	627 10
					"	† 30	" *Bal. on hand, f.* 6592.50 6056.49 Gain, 536.01	10	*1173 80*
				6592 50					6592 50
July	1	To Bal. bro't down,		1173 80					

* Compare the footings of this acc't for April with Invoice Book and Sales Book footings for same month.

† See Note 1, p. 86; ¶ 14, p. 42. Answer the questions under Mdse. acc't, p. 44.

HOOD, *Philadelphia, Pa.* BONBRIGHT & CO.

1875.					1875.				
Apr.	15	To Bills Payable, -	2	1479 52	Mar. 29 [1]		By Mdse. 60 ds.	1	1479 52

Answer questions under H. K. Thurber & Co.'s acc't, p. 47.

[1] We post the date of purchase and time (60 days) as an illustration to show that accounts may be kept so that the book-keeper can watch the maturity of bills bought or sold. See Note 1, p. 112.

Dr. BILLS RECEIVABLE. *Cr.*

1875.						1875.					
Apr.	1	To Stock,	1	3100		Apr.	10	By Cash,	2	1100	
"	20	" I. N. Forner,	3	100		May	5	" do.	4	2000	
"	26	" Rich'd Nelson,	"	115		June	10	" do.	7	115	
June	5	" T. M. Peirce,	6	1828	63	"	21	" do.	"	1828	63
						"	25	" do.	"	100	
				5143	63					5143	63

Answer questions under Bills Receivable acc't, p. 45.

DAVID N. *City.* LORD & CO.

1875.						1875.					
Apr.	30	To Mdse.	3	47	52	Apr.	1	By Mdse.	1	582	
May	5	" do.	4	21	70	"	30	" do. 4 bills,	3	46	05
"	10	" do.	5	12	60	May	31	" do. 1 "	5	46	18
"	"	" Bills Payable,	"	582				674.23			
June	1	" Mdse.	6	50	40						
"	21	" do.	7	13	20						
		727.42									
		674.23									
		* 53.19									

* See ¶ 5, p. 120.
Answer questions under Belt & Cilley's acc't, p. 46.

WM. SIMPSON, *Baltimore, Md.* SONS & CO.

1875.						1875.					
June	30	To Bills Payable,	8	1138	68	Apr.	1	By Mdse.	1	465	88
						"	15	" do.	2	345	20
						June	30	" do.	8	327	60
				1138	68					1138	68

See note under Howell, Barr & Co.'s acc't, p. 47.

Dr. CAMPBELL, *Philadelphia, Pa.* KNOWLES & CO. Cr.

								1875. Apr.	1	By Mdse. - - -		1	293	35

Answer questions under Belt & Cilley's acc't, p. 46.

COFFIN & *Baltimore, Md.* ALTEMUS.

1875.						1875.					
Apr.	10	To Bills Payable, -	2	147	10	Apr.	1	By Mdse. - - -	1	147	10

JOY, *Boston, Mass.* LANGDON & CO.

1875.						1875.					
June	30	To Bills Payable, -	8	257	70	Apr.	1	By Mdse. - - -	1	257	70

THOMAS MAY *Philadelphia, Pa.* PEIRCE.

1875.						1875.					
Apr.	5	To Mdse. [1]60 ds.	1	1253	60	June	5	By Bills Rec. - -	6	1828	63
"	20	" do. - - - -	2	247	83						
May	5	" do. - - - -	4	116	70						
"	31	" do. - - - -	6	210	50						
				1828	63					1828	63

[1] See Note 2, p. 112.

CHARLES C. *Pittsburgh, Pa.* COCHRAN.

1875.						1875.					
Apr.	5	To Mdse. [1]June 4	1	60	20	June	10	By Cash, - - -	7	140	76
June	5	" do. - - - -	6	82	20	"	"	" Interest, - - -	"	1	64
				142	40					142	40

[1] See Note 2, p. 112.

Dr. **EXPENSE ACCOUNT.** *Cr.*

1875.								1875.						
Apr.	1	To Cash,		1	53			June	30	By Profit & Loss, *f.*	1	1370	60
"	5	" do.		"	71	60							
"	26	" do.		3	16								
June	30	" do.		8	510								
"	"	" Sunds.		"	720								
					1370	60						1370	60

See note at foot of p. 65, and Classification of Accounts, pp. 72, 73; also Rule III., p. 41.

E. N. *Mt. Union, O.* HARTSHORN.

1875.														
Apr.	5	To Mdse.		1	215	83								
"	20	" do.		2	261	43								
May	5	" do.		4	150	06								
			627.32											

Answer questions under T. G. Stewart & Co. account, p. 47.

FELTON *Cleveland, O.* & BIGELOW.

1875.								1875.						
Apr.	5	To Mdse.		1	207	91		May	1	By Cash,	4	207	91
"	26	" do.		3	124	40		"	5	" Mdse. returned,	"	23	
May	1	" do.		4	155	37		"	"	" Cash,	"	150	
"	31	" do.		6	48	71				380.91			
			536.39										
			380.91										
			155.48										

I. N. *Pittsburgh, Pa.* FORNER.

1875.								1875.						
Apr.	10	To Mdse.		2	111	15		Apr.	20	By Bills Rec.	3	100	
May	10	" do.		5	58	72		May	20	" Cash,	5	58	72
"	25	" Cash,		"	58	72		"	31	" do.	6	58	72
June	21	" do.		7	2	50		June	25	" do.	7	2	50
			281.09							219.94			
			219.94										
			11.15										

Dr. **STORE FIXTURES.** *Cr.*

1875.											
Apr.	5	To Cash, - - - -	1	180				See Classification of Accounts, pp. 72, 73, and Rule II., p. 41.			

GERMAN INSURANCE CO.

1875.						1875.					
Apr.	10	To Mdse. - - - -	2	103	08	Apr.	15	By Cash, - - - -	2	101	02
						"	26	" Interest, - - -	3	2	06
				103	08					103	08

A. H. HINMAN (Book-keeper).

1875.						1875.					
Apr.	10	To Cash, - - - -	2	20		June	30	By 3 mos. Salary, -	8	300	
"	26	" do. - - - -	3	70				300. / 280. / 20.			
May	5	" do. - - - -	4	10							
"	31	" do. - - - -	6	90							
June	25	" do. - - - -	8	90							
"	*30*	*Balance,* 280. *f.*	*10*	*20*							
				300						300	
						July	1	By Bal. bro't down,		20	

W. A. DRAKE (Salesman).

1875.						1875.					
Apr.	10	To Cash, - - - -	2	25		June	30	By 3 mos. Salary, -	8	270	
"	20	" do. - - - -	3	35				270. / 245. / 25.			
"	30	" do. - - - -	4	10							
May	10	" do. - - - -	5	45							
"	25	" do. - - - -	"	30							
June	21	" do. - - - -	7	10							
"	25	" do. - - - -	8	90							
"	*30*	" *Balance,* 245. *f.*	*10*	*25*							
				270						270	
						July	1	By Bal. bro't down,		25	

We make Hinman and Drake's accounts show that the credits are for services.

Dr. BILLS PAYABLE. *Cr.*

1875.						1875.					
May	31	To Cash, - - - -	6	1479	52	Apr.	10	By Sunds. - - -	2	149	42
June	1	" do. - - - -	"	149	42	"	15	" Hood, B. & Co. -	"	1479	52
"	*30*	" *Bal.* 1628.94 *f.*	*10*	*1989*	*76*	May	10	" D. N. Lord & Co.	5	582	
						June	30	" Joy, Lang. & Co.	8	257	70
						"	"	" Sunds. - - -	"	1150	06
								3618.70			
				3618	70			1628.94		3618	70
								1989.76			
						July	1	By Bal. bro't down,		1989	76

Answer questions under Bills Payable acc't, p. 46.

INTEREST ACCOUNT.

1875.						1875.					
Apr.	10	To Bills Payable, -	2	2	32	June	30	By Profit & Loss, f.	1	47	40
"	26	" Ger. Ins. Co. -	3	2	06						
May	5	" Cash, - - - -	4	30							
June	10	" C. C. Cochran, -	7	1	64						
"	30	" Bills Payable, -	8	11	38						
				47	40					47	40

Refer to note at foot of p. 65; Classification, pp. 72, 73; and Rule III., p. 41.

RICHARD *Cincinnati, O.* NELSON.

1875.						1875.					
Apr.	15	To Mdse. - - - -	2	148	50	Apr.	26	By Bills Rec. - -	3	115	
		148.50									
		115.									
		33.50									

W. H. *Baltimore, Md.* SADLER.

1875.						1875.					
Apr.	15	To Mdse. - - -	2	99	10	May	20	By Cash, - - - -	5	75	
						"	31	" do. - - - -	6	24	10
				99	10					99	10

9

Dr. PASSAVANT *City.* & CO. *Cr.*

1875.						1875.					
Apr.	30	To Mdse. - - - -	3	14	25	Apr.	30	By Mdse. 2 bills.	3	78	50
May	20	" do. - - - -	5	200		May	31	" do. 3 "	5	48	
"	31	" do. - - - -	6	360				126.50			
June	10	" do. - - - -	"	13	20						
"	21	" do. - - - -	7	13	20						
		600.65									
		126.50									
		474.15									

T. P. *City.* REMINGTON, Jr.

1875.						1875.					
Apr.	30	To Mdse. - - - -	3	16		Apr.	30	By Mdse. 1 bill.	3	10	30
May	20	" do. - - - -	5	121	13	May	31	" do. 6 "	5	91	23
June	1	" do. - - - -	6	13	20	June	30	" do. 1 "	8	80	60
		150.33						182.13			
								150.53			
								31.60			

P. McGEE (Drayman).

1875.						1875.					
Apr.	30	To Cash, - - - -	4	5		June	30	Drayage to date, -	8	21	
June	10	" do. - - - -	7	5				21.			
		10.						10.			
								11.			

JERRY MURPHY (Warehouseman).

1875.						1875.					
Apr.	30	To Cash, - - - -	4	50		June	30	By Wages to date,	8	150	
May	31	" do. - - - -	6	50							
June	25	" do. - - - -	8	50							
				150						150	

Dr. **AMOSKEAG** *Manchester, N. H.* **MFG. CO.** *Cr.*

1875.						1875.					
May	10	To Cash, - - - -	5	1456	50	May	5	By Mdse. - - -	4	1456	50

A. & W. SPRAGUE *Providence, R. I.* **MFG. CO.**

						1875.					
						May	31	By Mdse. - - -	5	177	

T. & G. *Johnstown, Pa.* **GALLAGHER.**

1875.					
June	25	To Mdse. - - -	7	627	10

BALANCE ACCOUNT.

1875.						1875.					
June	30	To Cash, - - - f.	2	2060	43	June	30	By Camp. K. & Co. f.	5	293	35
"	"	" Mdse. - - -	3	1173	80	"	"	" A. H. Hinman, -	7	20	
"	"	" D. N. Lord & Co.	4	53	19	"	"	" W. A. Drake, -	"	25	
"	"	" E. N. Hartshorn,	6	627	32	"	"	" Bills Payable, -	8	1989	76
"	"	" Felt. & Bigelow,	"	155	48	"	"	" T. P. Remington,	9	31	80
"	"	" I. N. Forner, -	"	11	15	"	"	" P. McGee, - -	9	11	
"	"	" Store Fixtures, -	7	180		"	"	" Sprague Mfg. Co.	10	177	
"	"	" Rich'd Nelson, -	8	33	50	"	"	" Stock, 2547.91 - -	1	2848	21
"	"	" Passavant & Co.	9	474	15						
"	"	" T. & G. Gallag'r,	10	627	10						
		5396.12									
		2547.91									
		2848.21		5396	12					5396	12

Answer questions under Balance acc't, p. 49.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

REMARKS.

1. Let the learner examine his Profit and Loss, Stock, and Balance acc'ts to learn the object and result of closing the Ledger.

2. The Profit and Loss acc't shows the gains and losses as gathered from all sources, and the difference between the two sides of the acc't indicates that the business has resulted in a loss of $886.99. This loss is not only recorded in the Profit and Loss acc't, but is taken to Stock acc't, where it stands charged to the owner of the business as if he had reduced his capital by drawing out in cash the same am't. To prove the correctness of this exhibit of loss and its effect in reducing the capital of the business, the Balance acc't is used to corroborate this exhibit of Profit and Loss acc't.

Thus the Balance acc't shows on the Dr. side that all the effects and debts due the concern amount to - - - - - - - - - - - -	$5396.12
And that the concern owes - - - - - - - - - - - - - - - -	2547.91
Leaving as capital due the owner of the concern the sum of - - -	2848.21
The original capital on April 1 was - - - - - - - - - - - - -	4000.
By the above exhibit the capital has been reduced this amount - -	$1151.79
For the particulars of this reduction we turn to the Stock account. There we find that the owner has drawn out the sum of - - - - - - - - -	$264.80
And that there was a loss of - - - - - - - - - - - - - - - -	886.99
So Stock acc't, when Profit & Loss is closed into it, shows a decrease of in the capital. Both accounts show that the net capital is only $2848.21.	$1151.79

3. The object in closing the Ledger may then be stated as follows:

1st. To ascertain the gain or loss for a certain period.
2d. By the work of closing to record the gain or loss for that period.
3d. By the Balance acc't to show that the gain or loss is a reality.

4. Direct the learner to write the answers to questions on p. 50. Explain that the questions must be answered from this set, and not Set II.

5. The contents of an old Ledger are taken to a new one by a Journal entry, or a transfer on the face of the Ledger, by closing each acc't with the entry, "Bal. to Ledger B, fol. —," and transferring it to the acc't on new Ledger.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

EXERCISES IN BUSINESS FORMS.

After writing the answers to the questions on p. 50, make out the following forms. Write bills on bill paper, and all other forms on cap or letter paper. We give forms on pp. 134, 135, 136, 137, 138, and 139.

Write note given by John Gundry for $1100.	See entry D.B. April 1, p. 105.	Form 1.
Write indorsed note given by J. S. Conover for $2000.	See entry D.B. April 1, p. 105.	Form 2.
Write bill for goods sold C. C. Cochran.	See entry D.B. April 5, p. 105.	Form 8.
Write receipt for money paid Jno. F. Cluley.	See entry C.B. April 5, p. 97.	Form 12
Write note given to Coffin & Altemus.	See entry D.B. April 10, p. 106.	Form 1.
Write letter to send with above note.		Form 20.
Write acceptance given to Hood, Bonbright & Co.	See entry D.B. April 15, p. 106.	Form 7.
Write indorsed note given by I. N. Forner.	See entry D.B. April 20, p. 107.	Form 2.
Write receipted bill for Dexter, Abbott & Co.	See entry D.B. April 26, p. 107.	Form 9
Write draft on D. T. Ames, received of R. Nelson.	See entry D.B. April 26, p. 107.	Form 6.
Write receipt and duplicate for W. A. Miller for payment on account of Felton & Bigelow.	See entry D.B. May 1, p. 108.	Form 15.
Write letter of acknowledgment to Felton & Bigelow.	See entry D.B. May 5, p. 108.	Form 21.
Write note given D. N. Lord & Co.	See entry D.B. May 10, p. 108.	Form 1.
Write sight draft on I. N. Forner.	See entry D.B. May 20, p. 109.	Form 5.
Write letter of acknowledgment to I. N. Forner.	See entry D.B. May 31, p. 109.	Form 21.
Write letter of acknowledgment to W. H. Sadler.	See entry D.B. May 20, p. 109.	Form 21.
Write statement of Thos. May Peirce's account.	See Ledger, p. 126.	Form 10.
Write statement of E. N. Hartshorn's account.	See Ledger, p. 127.	Form 10.
Write draft on I. S. Preston.	See entry D.B. p. 110.	Form 6.
Write account for I. N. Forner.	See Ledger, p. 127.	Form 11.
Write receipt for Thos. May Peirce.	See entry D.B. June 5, p. 110.	Form 14.
Write out acc't of Wm. Simpson, Son & Co.	See Ledger, p. 125.	Form 10.

The pupil is required to write forms such as he is supposed to give and receive in business transactions. The Day Book rarely gives the full particulars for the forms, but the auxiliary books do, and the student must refer to them when particulars are not given on the Day Book.

If necessary, teachers may direct the pupils to make out double the number of papers required of them by us.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

Form 1.—Promissory Note.

CINCINNATI, O., Jan. 2, 1875.

$1100\frac{00}{100}$.

Three months after date, I promise to pay G. A. Gaskell, or order, Eleven Hundred Dollars, for value received.

JOHN GUNDRY.

Note. When this note becomes due, or is passed away before maturity, G. A. Gaskell must indorse it by writing his name on the back in black ink, it being payable to his order. In Pennsylvania, the clause, "without defalcation," should be inserted before or after "value received." A note indorsed with the name of the person or persons to whom it is made payable becomes payable to any holder without further indorsement.

Form 2.—Indorsed Promissory Note.

COLDWATER, Mich., April 1, 1875.

$2000\frac{00}{100}$.

Three months after date, I promise to pay to the order of D. L. Musselman, Two Thousand Dollars, for value received.

J. S. CONOVER.

Note. This note having an indorser (D. L. Musselman) when it comes into my possession, is designated as an "indorsed promissory note."

Form 3.—Demand Note.

CLEVELAND, O., April 1, 1875.

$500\frac{00}{100}$.

On demand, we promise to pay John Jamison, or order, Five Hundred Dollars, for value received.

E. & W. PATTERSON.

Note. When the note is signed as above, the parties must be partners. The next form shows how the note is to be worded when two or more persons, who are not partners, sign it.

Form 4.—Joint and Several Promissory Note.

NEW YORK, April 10, 1875.

$500.

Thirty days after date, for value received, we, or either of us, promise to pay to the order of U. S. Grant, Five Hundred Dollars.

JOHN BROWN,
JOHN JONES.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

Form 5.—Sight Draft.

NEW YORK, May 20, 1875.

$8\frac{72}{100}$.

At sight, pay to the order of Geo. R. Duncan, cashier, Fifty-eight $\frac{72}{100}$ ollars, for value received, and charge,

Yours respectfully,

G. A. GASKELL.

o I. N. FORNER,
Pittsburgh, Pa.

Note. A sight draft is usually made payable to the order of the cashier of the bank, where it deposited to your credit the same as money.

Form 6.—Time Draft.

CINCINNATI, O., April 10, 1875.

$115\frac{00}{100}$.

Sixty days after *date*, pay to the order of Richard Nelson, One Hundred nd Fifteen Dollars, for value received, and charge,

Yours respectfully,

JOHN R. SCOTT.

To D. T. AMES,
New York, N.Y.

Form 7.—Acceptance.

PHILADELPHIA, March 27, 1875.

$\$1479\frac{52}{100}$.

Sixty days after *sight*, pay to the order of Ourselves, Fourteen Hundred and Seventy-nine $\frac{52}{100}$ Dollars, for value received, and charge,

Yours, &c.,

HOOD, BONBRIGHT & Co.

Accepted March 29, 1875. G. A. GASKELL.

To G. A. GASKELL,
New York, N.Y.

Note. We give the wording of the acceptance at the END of the note, but the pupil must write it *across the face of it, and in red ink.*

SET III.—DOUBLE ENTRY BOOK-KEEPING.

Form 8.—Bill of Items.

NEW YORK, April 5, 1875.

Mr. CHARLES C. COCHRAN,

Bo't of G. A. GASKELL.

10 pcs.	Stark A A Brown Crash, - - -	200 yds. @	17	34	
1 "	Bates' Mills Gingham, - - - -	24 " @	13	3	12
5 "	Union Mills Checks, $\frac{4}{4}$ 70, - - -	120 " @	14	16	80
13$\frac{2}{3}$ ℔	Hope Mill 4-ply Twine, - - - - - - - -	@	35	4	78
	Case and cartage, - - -			1	50
60 days.				60	20

Form 9.—Receipted Bill.

BOSTON, April 24, 1875.

Mr. G. A. GASKELL,

Bo't of DEXTER, ABBOTT & Co.

5 pcs.	Dunnell's Light Fancy Prints, - -	120 yds. @	9	10	80
5 "	do. Robes, - - - - - - -	120 " @	9$\frac{1}{2}$	11	40
5 "	do. Pinks, - - - - - - -	120 " @	9$\frac{1}{2}$	11	40
	Received payment,			33	60
	DEXTER, ABBOTT & Co.				
	Per NATH. DOTY.				

Form 10.—Statement.

NEW YORK, June 1, 1875.

Mr. THOS. MAY PEIRCE,

To G. A. GASKELL, *Dr.*

1875.				
Apr. 5	For Mdse. per bill, 60 days, - - - - - - - - - - -		1253	60
" 20	" do. " 30 " - - - - - - - - - -		247	83
May 5	" do. " 60 " - - - - - - - - - -		116	70
" 31	" do. " 60 " - - - - - - - - - -		210	50
	Due June 10.		1828	63

Note. In a statement the pupil may give the date that each bill matures. Thus, "Due June 4," instead of the running time, as we do above. No statement should be sent to a customer unless the term of credit, if any, is clearly stated.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

Form 11.—Account.

NEW YORK, June 1, 1875.

MESSRS. FELTON & BIGELOW,

In account with G. A. GASKELL, *Dr.*

1875.						
Apr.	5	For Mdse. per bill, 30 days, - - - - - - - - - - - -			207	91
"	26	" do. " 60 " - - - - - - - - - - - - -			124	40
May	1	" do. " 60 " - - - - - - - - - - - - -			155	37
"	31	" do. " 60 " - - - - - - - - - - - - -			48	71
		Cr.			536	39
1875.						
May	1	By Cash per W. A. Miller, - - - - - - - - - - - -	207	91		
"	5	" Mdse. returned, - - - - - - - - - - - - - - - -	23			
"	"	" Cash on account, - - - - - - - - - - - - - - -	150		380	91
		Balance due, - - - - -			155	48

Note. When making out an account, particulars of each credit should be given.

Form 12.—Receipt.

$\$20\frac{00}{100}$. Received New York, April 5, 1875, of G. A. Gaskell, Twenty Dollars, in full for bill of Boxes.

JOHN R. SCOTT.

Form 13.—Receipt on Account.

NEW YORK, April 30, 1875.

$\$5\frac{00}{100}$. Received of G. A. Gaskell, Five Dollars, on account of Cartage.

his
P. × McGEE.
mark

Witness: CHAS. P. DUFF.

Note. When a person cannot sign his name, he must make his mark in presence of a witness. Then the witness attests by signing his name on the left of the paper, as shown above.

Form 14.—Receipt for a Particular Bill or Item.

NEW YORK, May 10, 1875.

$\$582\frac{00}{100}$. Received of G. A. Gaskell his note dated March 31, @ three months, for Five Hundred and Eighty-two Dollars, which, when paid, will be in full for bill of March 31, 1875.

DAVID N. LORD & CO.
Per S. W. PATTON.

Note. Never give a receipt "in full to date" when the payment covers any particular bill or item.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

Form 15.—Receipt for a Payment on Account of Another Party.

NEW YORK, May 1, 1875.

$207\frac{91}{100}$. Received of W. A. Miller, Two Hundred and Seven $^{91}/_{100}$ Dollars, in payment of Felton & Bigelow's bill of April 5, 1875.

G. A. GASKELL.
Per HINMAN.

Note. If a duplicate receipt for the above is required, make an exact copy, and write the word "Duplicate" across its face, about two inches from the top, or left end.

Form 16.—Limited Order for Mdse.

PITTSBURGH, Pa., April 10, 1875.

$90\frac{00}{100}$. Pay William Allen, or order, Ninety Dollars in Mdse. and charge,

Yours, &c.,

EISNER & PHILLIPS.

To JOSEPH HORNE & CO.,
Pittsburgh, Pa.

Form 17.—Open Order for Mdse.

PITTSBURGH, April 10, 1875.

Please furnish William Allen with such Mdse. as he may want, with bill of same, and charge,

Yours, &c.,

S. S. COX.

To P. DUFF & SONS,
Pittsburgh, Pa.

Form 18.—Order for a Specified Article.

MEMPHIS, Tenn., April 10, 1875.

Please let the bearer have one Suit of Clothes, with bill, and charge,

Yours, &c.,

JOHN TAYLOR & CO.

To JOHN WEBB,
Memphis.

SET III.—DOUBLE ENTRY BOOK-KEEPING.

Form 19.—Check.

$102\frac{50}{100}$. PITTSBURGH, June 23, 1875.

CENTRAL BANK,

Pay G. A. Gaskell ..... or order,
One Hundred and Two ..... $\frac{50}{100}$ Dollars.

S. D. EVERHART.

Form 20.—Letter Inclosing Note.

NEW YORK, April 10, 1875.

Messrs. COFFIN & ALTEMUS,
Baltimore, Md.

Gentlemen,

Inclosed find my note dated March 30, at 60 days, for One Hundred and Forty-nine $^{42}/_{100}$ Dollars, in settlement of bill March 30, and interest. Please acknowledge receipt to

Yours respectfully,

G. A. GASKELL.

Form 21.—Letter of Acknowledgment.

NEW YORK, May 5, 1875.

Messrs. FELTON & BIGELOW,
Cleveland, O.

Gentlemen,

Your favor of the 3d is to hand, with draft for One Hundred and Fifty Dollars, on account, for which you have my thanks.

Very respectfully,

G. A. GASKELL.

Note. This form, with a slight change, will be suitable for the acknowledgment of any remittance. Thus, if the remittance will cover any particular bill, say April 1, omit the clause "on account," and in lieu of it insert "in full for bill of April 1." The form, with but slight alteration, can be used to acknowledge the receipt of a note or time draft.

Form 20 may be used in a multitude of cases. For instance, in sending bank checks or drafts, time or sight drafts on firms or individuals, currency, Post-office money orders, and notes. Change the form so that it will show what you sent, and what it is sent for.

SET IV.—DOUBLE ENTRY BOOK-KEEPING.

MANUFACTURERS' BOOKS.

EXHIBITING THE USE OF THE AUXILIARIES, AND TRANSFERRING THEIR CONTENTS DIRECTLY TO THE JOURNAL, WITHOUT THE INTERVENTION OF THE DAY BOOK—A PROCESS BY WHICH TIME AND LABOR ARE SAVED.

INTRODUCING VARIOUS ACCOUNTS SHOWING COST OF MANUFACTURING, BUILDINGS, MATERIALS, IMPLEMENTS, &c.

ALSO, A NEW FORM FOR KEEPING BILL ACCOUNTS, AND THE MOST SIMPLE, YET COMPLETE AND COMPREHENSIVE FORM OF BALANCE SHEET EVER PRESENTED.

ALSO, THE SIX-COLUMN JOURNAL BY WHICH WRITING IN THE CASH AND MDSE. ACCOUNTS IS REDUCED TO ABOUT ONE LINE FOR ONE HUNDRED.

REMARKS.

Having in the preceding set given an illustration of the auxiliaries as used in a merchandising business, we illustrate their use in this set in a manufacturing business, dispensing with the Day Book, and transferring their contents directly to the six-column Journal.

Our object in introducing a set of manufacturers' books is to satisfy the learner that, by the use of rules and principles already acquired, and a little judgment in meeting the requirements of the business, he can open and keep books for any business coming within the scope of his acquirements as a book-keeper.

Many authors object to the introduction of manufacturers' books in a work of this kind, alleging that such are too difficult for the learner. But we venture the prediction that the learner, after going through with the following set, will side with us in saying that he has with little difficulty acquired a knowledge of new features in the science of book-keeping, and has satisfied himself of the comprehensive character of its rules and principles, and of his ability to apply them in conducting books in any new or strange business.

SALES BOOK.

1. Manufacturers generally have a printed price-list by which all goods are sold at a discount. Large and responsible buyers, or jobbers as they are often termed, receive the largest, while retailers or small buyers receive the smallest discount. The price-list is often so arranged as to provide for different discounts on the various lines of goods manufactured. One article may be sold at 75% discount, and another at a discount of 10% off the price-list. In a business of this kind the Sales Book should be ruled with three money columns. See entry of sale to D. R. Lillibridge, Sept. 1.

2. The pupil should calculate and extend some of the sales on the following pages, to acquire a knowledge of this part of the work.

3. Page your manuscript book in the upper outside corners, as in the text-book. Each page, when full, must be footed and forwarded to the end of the month, and then compared with the footing of the credit Mdse. column of the Journal.

4. See Sales Book for Set III., p. 87. The directions for transferring the contents of this book as given there apply here, except as to the transfer mark, which must be "Jour. 1," instead of "D. B. 1."

5. The pupil must be particular to examine all the notes that he is referred to in any part of the work. He may think that the note is familiar to him, and be mistaken.

6. Before a book-keeper of experience can journalize correctly, he must first ascertain what accounts are kept in the books. Without this information he may debit Profit and Loss for an item that should go into Expense—an acc't he did not know was kept. If he did not make an examination and find that a Metal acc't was kept, he might debit all purchases of that article to Mdse. The learner must find out what accounts are kept in the same way that the experienced book-keeper does, viz., by an examination of the Ledger. This must be done before attempting to transfer any of your auxiliaries to the Journal.

[1]Jour.	1	Sold for Cash, 133 # Washers, - - - - - - - @ 10¢					13	30
		10						
		Sold B. M. Worthington, Madison, Wis.						
Jour.	1	50 "Excelsior" Cook Stoves, # 9, - - - - @ $25.			1250			
		50 Galvanized Stove Reservoirs, # 9, - - - @ 9.			450			
		50 do. Ham Boilers, # 9, - - - - - @ 5.			250			
					1950			
		60 day acceptance, or 2% off for cash. Less 25%, - - -			487	50		
					1462	50		
		Less Frt. to Chicago, 13,500 # @ 35¢			47	25	1415	25
		20						
		[2]Sold D. L. Musselman, Quincy, Ill.						
Jour.	1	50 plain By Sauce Pans,	84 / *Ea.* 2	97 / 3	1.12 / 4 *q.*	146	50	
		5 " Straight do.	84 / *Ea.* 2	97 / 3	1.12 / 4 *q.*	14	65	
		50 " Round Boilers,	1.12 / *Ea.* 4	1.28 / 5	1.48 / 6	1.61 / 7 *q.*	274	50
		10 " Shallow Stew Pans,	75 / *Ea.* # 2	85 / 3	96 / 4		25	60
		10 " Yankee Bowls,	1.47 / *Ea.* # 4	1.60 / 5			30	70
		2 " Stove Ham Boilers,	4.00 / *Ea.* # 7	4.50 / 8	5.00 / 9		27	
		10 " Tea Kettles,	1.60 / *Ea.* # 6	1.70 / 7	1.90 / 8	2.00 / 9	72	
		5 " Skillets,	1.00 / *Ea.* # 9	1.20 / 10	1.40 / 12		18	
		5 " Stove Pots,	1.70 / *Ea.* # 8	2.00 / 9			18	50
							627	45
		Cash. Less 75%, - - -					470	58
							156	87
		6 Casks $9 and Tierce 75¢					9	75
		〃					166	62
Jour.	1	Sold for Cash, 1 "Excelsior" Cook Stove, # 9, - - -					25	
		[3]Forward, - - -					1620	17

[1] See ¶ 4, p. 141.

[2] In making extensions of this bill add together all the prices on each line, and multiply each sum so obtained by the quantity or number. Thus, on the first line you have three prices, viz., 84¢, 97¢, $1.12, making, when added, a total of $2.93, which, when multiplied by the number of pieces (50), gives the extension, $146.50.

[3] See ¶ 3, p. 141.

		Bro't over, - - -			1620 17
		"			
		Sold Robert C. Spencer, Milwaukee, Wis.			
Jour.	2	50 Square Sinks, *Ea.* 1.90 14/20 2.50 15/24 3.50 20/28 3.75 18/30	582	50	
		20 do. do. *Ea.* 4.00 20/30 4.75 18/36 5.75 20/38	290		
		10 do. do. *Ea.* 6.25 22/11 7.25 20/48 7.50 23/48 8.50 24/50	295		
		200 Sink Legs, - - - - - - - - - - @ 60¢	120		
		10 H'f Circle Sinks, *Ea.* 2.50 $0 3.15 1 3.50 2	91	50	
		10 Corner do. *Ea.* 2.00 $1 2.50 2 3.15 3	76	50	
		10 Slop do. *Ea.* 3.50 16/16 6.00 15/23 6.00 18/24	155		
		10 Hydrant do. *Ea.* 1.25 12/12 1.50 14/14	27	50	
			1638		
		60 days. Less 40%, - - -	655	20	982 80
		"			
		Sold H. W. Flickinger, Philadelphia, Pa.			
Jour.	2	20 "Charter Oak" Cook Stoves, $9, - - @ $22.50	450		
		10 Galvanized Reservoirs for Cook Stoves, @ 6.	60		
		10 " Ham Boilers, - - - - - @ 5.	50		
			560		
		90 day note. Less 20%, - - -	112		448
		"			
		Sold B. M. Worthington, Madison, Wis.			
Jour.	2	20 Office Stoves, $4, - - - - - - - - @ $16.	320		
		20 "Anti-Clinker" Stoves, $3, - - - - - @ 15.	300		
		5 Patent Portable Boilers, $2, - - - - @ 30.	150		
			770		
		60 day acceptance, or 2% off for cash. Less 25%, - - -	192	50	577 50
		[1]Sales for July, - - -			3628 47

[1] Compare this footing with that of the credit Mdse. column, Jour. p. 157. If the amounts agree, you can have no better evidence of the correctness of the transfers.

This footing is not to be forwarded to the head of next page, or it would have the word "Forward" opposite.

Sold B. F. Moore, Atlanta, Ga.

Jour. 4 — 40 "Charter Oak" Stoves, $10, - - - - - @ $25. — 1000
20 Galvanized Reservoirs, - - - - - - - @ 6.50 — 130
1130
60 days. — Less 20%, - - - — 226
904
50 Fire Grates, — Ea. $ 1.00 7, 1.10 21, 1.15 26, 1.40 29 — 232 50 — 1136 50

〃

Sold D. Clinton Hicks, City.

Jour. 4 — 1 "Excelsior" Cook Stove, $9, - - - - - - - - - - 25
1 Galvanized Ham Boiler, - - - - - - - - - - - 5 — 30

10

Sold D. L. Musselman, Quincy, Ill

Jour. 4 — 150 # Assorted Castings, - - - - - - - - - @ 10¢ — 15
4 "Revolution" Base Burner Stoves, - - @ $50· — 200
50 "Excelsior" Cook Stoves, $9, - - - @ 25· — 1250
5 doz. Galv. Coal Hods, - - - - - - - @ 16· — 80
1545
60 days, or 3% off for cash. — Less 25%, - - - — 386 25 — 1158 75

〃

Excelsior Mfg. Co. St. Louis, Mo.

Jour. 4 — 20 Galv. Stove Reservoirs, — Ea. $ 5.20 7, 5.70 8, 6.50 9 — 348
Cash. — Less 10%, - - - — 34 80 — 313 20

〃

Sold Robert C. Spencer, Milwaukee, Wis.

Jour. 4 — 10 H'f Circle Sinks, — Ea. $ 3.50 2, 4.00 3 — 75
10 Corner do. $4, - - - - - - - - @ $6. — 60
135
60 days. — Less 40%, - - - — 54 — 81

Forward, - - - — 2719 45

		Bro't over, - - -				2719	45
		"					
		Sold Jackson Cagle, City.					
Jour.	5	200 # Assorted Stove Castings, - - - - - - @ 10¢		20			
		Less 25%, - - -		5		15	
		"					
		Sold John R. McGinley, Pittsburgh, Pa.					
Jour.	5	40 "Big Chief" Cook Stoves, # 9, - - - @ $25.		1000			
		10 Patent Portable Boilers, # 3, - - - - @ 40.		400			
				1400			
		60 days. Less 25%, - - -		350		1050	
		31					
		Sold George J. Luckey, Pittsburgh, Pa.					
Jour.	5	1 "Educator" Cook Stove, # 9, - - - - - - - - -		25			
		1 Patent Portable Boiler, # 1, - - - - - - - - -		20			
		1 Galvanized Stove Reservoir, # 9, - - - - - - - -		9			
				54			
		Cash. Less 10%, - - -		5	40	48	60
		"					
		Sold J. J. DeHan, Cincinnati, O.					
Jour.	5	25 Plain Bellied S. Pans, 97 / 1.12 / 1.28 Ea. 3 / 4 / 5 q.		84	25		
		20 " do. 1.48 / 1.61 Ea. 6 / 7 q.		61	80		
		10 " do. 1.75 / 2.08 / 2.27 Ea. 8 / 10 / 12 q.		61			
		10 " do. 52 / 64 / 75 Ea. 1½ / 2 / 3 pt.		19	10		
				226	15		
		60 days, or 3% off for cash. Less 70%, - - -		158	31		
				67	84		
		2 Casks, - - - -		3		70	84
		Sales for August, - - -				3903	89
		do. previous, - - -				3628	47
		[1] do. to date, - - -				7532	36

[1] See ¶ 3, p. 87.

Sold D. L. Musselman, Quincy, Ill.

Jour. 7 50 Plain Belly Sauce Pans, - - - - 5 q. @ $1.28 — 64
Charged in bill of July 20, as,
50 Plain By Sauce Pans, - - - - - 4 q. @ 1.12 — 56
8
Less 75%, - - - — 6 — 2

〃

Sold D. R. Lillibridge, Manchester, N. H.

Jour. 7 20 Plain R'd Boilers, Ea. 2 — 84 — 91 — 97 — 3 q. — 54 40
25 do. do. — 1.12 — 1.28 — 60
Ea. 4 — 5 q.
15 do. do. — 1.48 — 1.61 — 46 35
Ea. 6 — 7 q.
10 do. do. - - - - - - - - 8 q. @ $1.75 — 17 50
5 do. do. — 2.08 — 2.27 — 2.67 — 35 10
Ea. 10 — 13 — 16 q
1 do. do. - - - - - - - - - - 20 q. — 3 20
216 55
Less 75%, - - - — 162 42
20 "Anti Clinker" Stoves, $3, - - @ $15. — 300. — 54 13
Less 25%, — 75. — 225
60 days. 2 Casks, - - - — 3 — 282 13

10

Jour. 7 Sold John Carnell, Troy, N. Y.
10 Pat. Portable Boilers, Ea. $1 — 20.00 — 30.00 — 40.00 — 2 — 3 — 900
Less 25%, - - - — 225 — 675
60 days.

〃

Jour. 7 Sold for Cash,
1 Pat. Portable Boiler, $1, - - - - - - - - - - - 20
Less 10%, - - - — 2 — 18
Forward, - - - — — 977 13

		Bro't over, - - -			977 13
		"			
		Sold J. J. DeHan, Cincinnati, O.			
Jour.	8	5 Plain By S. Pans, *Ea.* 1.48 6 1.61 7*q*.	15	45	
		Less 70%, - - -	10	82	4 63
		"			
		Sold W. B. Richards for cash.			
Jour.	8	10 "Charter Oak" C'k Stoves, *Ea.* 17.50 $7 20.00 8 22.50 9	600		
		5 " " $10, - - - @ $25.	125		
			725		
		[1] Less 25 & 10%, - - -	235	63	489 37
		30			
		Sold Robert C. Spencer, Milwaukee, Wis.			
Jour.	9	50 Galvanized Sq. Sinks, *Ea.* 7.00 20/28 7.00 16/30 7.50 18/30	1075		
		10 " Slop " *Ea.* 7.00 16/16 12.00 18/24 16.00 20/24	350		
			1425		
		60 days. Less 40%, - - -	570		855
		"			
		Sold H. W. Flickinger, Philadelphia, Pa.			
Jour.	9	10 "Centennial" Cook Stoves, *Ea.* 23.00 $7 25.00 8 27.00 9	750		
		10 "Educator" " *Ea.* 20.00 $8 25.00 9	450		
		120 # Assorted Castings, - - - - - - - - @ 10¢	12		
			1212		
		90 day note. Less 20%, - - -	242	40	969 60
		Sales for September, - - -			3295 73
		do. previous, - - -			7532 36
		do. to date, - - - -			10828 09

[1] Here 25% of $725.—$181.25 is first deducted, leaving $543.75 upon which to compute the 10%. Add the two discounts or amounts together, and you have the total, $235.63. The pupil should calculate this discount to see that he understands it. If the cash has been received for this sale it will be found on the C. B. Refer to it.

1875.					
July	1	Stock,	Rec'd for Capital,	9000	
"	"	Mdse.	" per S. B. 1,	13	30
"	20	do.	" " " 1,	25	
			9038.30 8405.10 633.20		
				9038	30
Aug.	2	Balance,	Bro't down,	633	20
"	"	B. F. Moore,	Rec'd on account,	800	
"	10	Bills Receivable, $ 2,	" for Worthington's Acceptance,	1401	10
"	20	Excelsior Mfg. Co.	" Draft by mail,	450	50
"	31	D. L. Musselman,	" Draft for bill Aug. 10,	1125	93
"	"	Bills Payable, $ 3,	" Net proceeds of our Note disc'd,	2473	32
			6884.05 2764.80 4119.25		
				6884	05

Read and follow instructions on p. 95.

1875.					
July	1	Buildings,	P'd on acc't of Foundry Buildings,	5000	
"	"	Flasks,	" Walters & Son for Lumber,	509	
"	"	Patterns,	" J. R. Hutchison for Metal Patterns,	320	
"	"	Mdse.	" R. Lea for Moulding Sand,	13	
"	"	do.	" Dawson Bros. for Foundry Facing,	9	
"	"	Expense,	" for Postage Stamps,	5	
"	10	Flasks,	" Andrew Murray for making,	150	
"	"	Patterns,	" do. do.	115	
"	"	Expense,	" Insurance Premium,	340	
"	"	do.	" Root, Anthony & Co., Blanks, &c.	67	10
"	"	do.	" for printing Price-List,	60	
"	20	Foundry Wages,	" Hands to July 17,	800	
"	"	Flasks,	" do. " 17,	45	
"	"	Patterns,	" do. " 17,	45	
"	"	Expense,	" for Sundries to July 17,	21	
"	31	Foundry Wages,	" Hands to date,	840	
"	"	Patterns,	" do. do.	45	
"	"	Expense,	" for Sundries to date,	21	
			Balance carried down, 8405.10	*633*	*20*
				9038	30
Aug.	2	Mdse.	P'd S. D. Everhart for Coal,	140	
"	"	do.	" G. & L. Moul for Coke,	158	50
"	"	Expense,	" State License to April, 1876,	75	
"	10	Foundry Wages,	" Hands to Aug. 7,	840	
"	"	Flasks,	" do. " 7,	35	
"	"	Expense,	" Sunds. " 7,	20	
"	20	B. F. Sturtevant,	" for bill of June 25,	450	
"	31	Foundry Wages,	" Hands to Aug. 28,	845	
"	"	Patterns,	" do. " 28,	25	
"	"	Flask,	" do. " 28,	20	
"	"	Expense,	" Sunds. " 28,	19	
"	"	Excelsior Mfg. Co.	" Standard Bolt Co.	137	30
			Balance carried over, 2764.80	*4119*	*25*
				6884	05

1875.		Balance,			
Sep.	10	Mdse.	Bro't over,	4119	25
"	20	J. J. DeHan	Rec'd for cash sale, S. B. 5,	18	
"	"	Bills Receivable, $5,	" for our sgt. Draft on him,	68	71
"	"	do. $3,	" am't of Dalzell's Note,	185	
"	"	Mdse.	" n. p. Spencer's Note,	975	84
"	30	Bills Receivable, $1,	" for sale per S. B. 5,	489	37
			" for Musselman's Note,	168	29
			6024.46 5739.24 285.22		
				6024	46
		Balance,	Bro't down,	285	22

Note. To make room for explanations we use but one money column on Dr. and Cr. side of this book. It can be ruled with double money columns, and the total receipts and payments extended in the outer columns for comparison with the monthly footings of the Cash columns in the Journal.

In business this book should be balanced, in pencil, daily, in order to get timely notice of any disagreement between the balance here and the amount of cash on hand.

1875.					
Sep.	1	Bills Payable, $1,		2500	
"	"	Mdse.		95	
"	"	do.		140	
"	"	Interest,		13	20
"	10	Foundry Wages,		750	
"	"	Flasks,		25	
"	"	Patterns,		25	
"	"	Expense,		20	
"	"	Samuel G. B. Cook,		28	
"	20	Foundry Wages,		820	
"	"	Patterns,		50	
"	"	Flask,		30	
"	"	Expense,		21	
"	"	D. L. Musselman,		1125	93
"	"	do.		5	61
"	30	Expense,			50
"	"	do.		90	
		Balance carried down, 5739.94		*285*	*22*
				6024	46

Note. Careless persons having access to this book will often charge a payment to the wrong account. The careful book-keeper will be prompt to detect and correct errors of this kind, as he is expected to know what account should be debited for every payment. It is no excuse for a book-keeper to say to an employer, "It is not my fault; I did not make the entry."

BILLS

Date.		No.	DRAWER'S NAME.	IN WHOSE FAVOR.	ON WHAT ACC'T.	TIME.
1875.						
July	20	1	D. L. Musselman,	Myself,	Bill of July 20,	60 days.
"	10	2	B. M. Worthington,	Acceptance,	" " 10,	60 "
"	31	3	R. C. Spencer,	"	" " 31,	60 "
June	30	4	W. G. Hawkins,	H. W. Flickinger,	H. W. Flickinger,	6 mos.
July	10	5	Samuel Dalzell,	"	" "	2 "
Aug.	2	6	B. F. Moore,	Myself,	Bal. of his a/c	60 days.
Sept.	1	7	John R. McGinley,	Eisner & Phillips,	Jno. R. McGinley,	12 mos.

Note. Read pp. 100, 101.

BILLS

Date.		No.	DRAWER'S NAME.	IN WHOSE FAVOR.	ON WHAT ACC'T.	TIME.
1875.						
June	30	1	Myself,	Wilhelm & Co.	Foundry Buildings,	60 days.
"	"	2	"	J. R. Hutchison & Co.	Contract for Engine,	2 mos.
Aug.	31	3	"	Myself,	My accommodation,	60 days.
Sept.	1	4	"	Wilhelm & Co.	Part renewal of $1,	60 "
July	10	5	"	J. W. Pope,	Bal. due him,	4 mos.
Sept.	3	6	"	J. R. Hutchison & Co.	Renewal of $2,	30 days.

Note. In this Set all notes are numbered both in the Bill Books, Journal, and Ledger, as will be seen by referring to them. Each account in the Ledger is the counterpart of its representative here. This is the result of posting by number, and reserving the space opposite and on the same line, for the entry to be posted when the note is disposed of or paid. See Bills Pay., p. 166,

RECEIVABLE.

WHEN DUE.												AMOUNT.		WHEN AND HOW DISPOSED OF.			AMOUNT.	
Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.							
														1875.				
								18/ /21				168	29	Sept.	20	Collected, -	168	29
								8/11				1415	25	Aug.	10	Remitt'd for less 1% -	1415	25
									29/2			978	45	Sept.	20	Discounted,	978	45
30/2												250						
								10/ /13				185		"	20	Collected, -	185	
									1/4			320	50					
								76 1/4				525						

PAYABLE.

WHEN DUE.												AMOUNT.		WHEN AND HOW PAID.			AMOUNT.	
Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.							
														1875				
								29/1				5000		Sept.	1	P'd 2500, Renew'd 2500,	5000	
								30/2				2400		"	3	Renew'd for	2400	
										30/2		2500						
										31/3		2500						
										10/ /13		5700						
									3/6			2400						

and Bills Rec., p. 166. Compare these with the Bill Acc'ts, pp. 125, 129, and notice that a glance at either of the accounts there will not show what notes are paid or unpaid, unless all are paid and the account closed. When either of these accounts is balanced in the Ledger the Bill Books should be made to conform.

SET IV.—DOUBLE ENTRY BOOK-KEEPING.

SIX COLUMN JOURNAL.

1. In this form of Journal the debits, as heretofore, occupy the left, and the credits the right, but the names of the accounts are between the debits and credits instead of before them as in the ordinary two column Journal. Each side is ruled with three columns. The outer columns on each side are for Mdse.; the next for Cash; and the two inner ones for Sundries, *i. e.*, everything but Cash and Mdse. The debits and credits to the Cash and Mdse. accounts are extended into their proper columns and footed and forwarded from page to page until the end of the month, and then posted.

2. The advantages of this plan are—

1st. A saving of space in the Ledger.
2d. In posting, instead of one or more entries daily to Cash and Mdse., there is but one entry each month.
3d. The work of checking is reduced with the posting.
4th. Reducing the work reduces the liability to error.

The advantages can only be perfectly understood by the learner when he compares the Cash and Mdse. accounts of Set IV, p. 168, with the Cash and Mdse. accounts of Set III, pp. 123, 124.

3. This book is made up from the Auxiliaries in much the same manner as the Day Book in Set III. Read ¶ 2, p. 104. The only difference is that here the learner makes his Journal entry direct from the Auxiliary Book and is required to change his transfer marks of D. B. to Journal. To become familiar with this change, the learner may copy two days' business in his Journal. While doing this he must follow directions in ¶ 3, p. 104. In making entries on this book, care must be taken to extend the debits and credits to Cash or Mdse. into their proper columns. Make it a rule to examine all your extensions before attempting to foot and forward the columns.

4. Rule a sheet of paper to the same pattern as your Journal; then foot each column, and place the footing in the corresponding column on the loose sheet, then bring the footings into the sundries column, in the same order as in Text Book, and prove them.

5. Read remarks on Auxiliaries, pp. 75, 76, 77, and before posting compare a month of your printed Journal with the Ledger.

Drs. **NEW YORK, July 1, 1875.** *Crs.*

Mdse.	Cash.		L.F.			Cash.	Mdse.
	9013 30			Cash Dr. To Sunds.			
			1	To Stock, [1] C. B. 1,	9000		
				" Mdse. " 1,			13 30
				"			
				Sunds. To Cash,		5856	
		5000	1	Buildings and Fixtures, C. B. 1,			
		509	2	Flasks, " 1,			
		320	2	Pattern, " 1,			
22				Mdse. 13 9 " 1,			
		5	1	Expense, " 1,			
				"			
		5000	1	Buildings and Fixtures, Dr.			
			3	To Bills Payable, $1,	5000		
				10			
		1415 25	4	B. M. Worthington, Dr.			
				To Mdse. S. B. 1,			1415 25
				"			
				Sunds. To Cash,		732 10	
		150	2	Flasks, C. B. 1,			
		115	2	Patterns, " 1,			
		467 10	1	Expense, " 1,			
				20			
				Sunds. To Mdse.			151 62
		126 62	4	D. L. Musselman, S. B. 1,			
	25			Cash, " 1,			
				"			
				Sunds. To Cash,		911	
		800	3	Foundry Wages, C. B. 1,			
		45	2	Flasks, " 1,			
		45	2	Patterns, " 1,			
		21	1	Expense, " 1,			
22	9038 30	14018 97		Amounts forward,	14000	7499 10	1580 17
		9038 30		Cash,	7499 10		
		22		Mdse.	1580 17		
		23079 27		Proof,	23079 27		

[1] Require the pupil to give initials and page of the Auxiliary Book, as we do.

Drs. **July 31, 1875.** *Crs.*

Mdse.	Cash.			L.F.				Cash.	Mdse.
22	9038 30	14018 97			Am'ts bro't forward, - - -	14000		7499 10	1520 17
					"				
					Sunds. Dr. To - - - - - - - - Mdse.				2008 30
		982 80		4	Robt. C. Spencer, - - - - - S. B. 2,				
		448		4	H. W. Flickinger, - - - - - " 2,				
		577 50		4	B. M. Worthington, - - - - " 2,				
					"				
					Sunds. Dr. To - - - - - - - - Cash,			906	
		840		3	Foundry Wages, - - - - - C. B. 1,				
		45		2	Patterns, - - - - - - - " 1,				
		21		1	Expense, - - - - - - - - " 1,				
					"				
		168	29	3	Bills Rec. $1, - - - - - - - - Dr.				
				4	To D. L. Musselman, - - - - - - -	168	29		
					"				
		1	67	4	D. L. Musselman, - - - - - - - Dr.				
				5	To Interest for am't added in 60 day note,	1	67		
					"				
		2850		1	[1]Buildings and Fixtures, To - - Sunds.				
				6	To A. Stetler & Son for Cupola and Boiler, per contract, July 1, - - -	2400			
				6	To B. F. Sturtevant for bill of Blower, June 25, - - - - - - - - - -	450			
					"				
		14	80	2	Flask, - - - - - - - - - - Dr.				
				6	To Fernald & Sise for bill of fittings, July 2, - - - - - - - - - -	14	80		
		19968	03		Amounts forward, - - - - - - - -	17084	76		
		9038	30		Cash, - - - - - - - - - - - -	8405	10		
		22			Mdse, - - - - - - - - - - - -	3588	47		
		29028	33		Proof, - - - - - - - - - - - -	29028	33		

[1] We keep no I. B. Read ¶ 4, p. 79.

The learner must not let any foot-notes escape his notice.

Drs. **July 31, 1875.** *Crs.*

Mdse.	Cash.		L.F.		Cash.	Mdse.
22	9038 30	19968 03		Am'ts bro't forward, - - -	17034 76	8405 10	3588 47
				"			
		40	[1] 4	D. L. Musselman, - - - - - - - Dr. To Mdse. for error in transferring bill of July 20. See Jour. 1 and S. B. 1, -			40
				"			
		5700	2	Metal account, - - - - - - - - Dr.			
			6	To J. W. Pope for bill July 1, - - - -	4500		
			6	" do. " " 10, - - - -	1200		
				"			
95 50				Mdse. Dr. To Sunds. - - - - - - - -			
			6	To McQuiston & Co. for bill of Galvanizing, July 20, - - - - - - - -	67 50		
			6	To Sam'l G. B. Cook for bill of Moulders' riddles, July 20, - - - - - - -	28		
		25708 03	[2]		22830 26		
		9038 30	5	Cash, - - - - - - - - - - - - -	8405 10		
		117 50	5	Mdse. - - - - - - - - - - - - -	3628 47		
		34863 83		Proof, - - - - - - - - - - - - -	34863 83		

[1] An error in a transfer can be corrected in this way. If the learner has not *copied the error* on Jour., p. 155, he must not make this entry.

[2] Post the Cash and Mdse. debits and credits. The amounts are not to be carried forward to the next page.

Drs. **Aug. 2, 1875.** *Crs.*

Mdse.	Cash.		L.F.		Cash.	Mdse.
				Sunds. To - - - - - - - - - Mdse.		1166 50
		1136 50	5	B. F. Moore, - - - - - - - - S. B. 3,		
		30	7	D. Clinton Hicks, - - - - - - " 3,		
				"		
				Sunds. To - - - - - - - - - Cash,	373 50	
298 50				Mdse. - - - - - - - - - - C. B. 1,		
		75	1	Expense, - - - - - - - - - - -		
				"		
	800			Cash, - - - - - - - - - - - Dr.		
			5	To B. F. Moore, - - - - - - C. B. 1,	800	
				"		
		1415 25	3	Bills Receivable, $2, - - - - - Dr.		
			4	To B. M. Worthington, - - - - - -	1415 25	
				"		
		2400	1	Buildings & Fixtures, - - - - - Dr.		
			3	To Bills Payable, $2, - - - - - -	2400	
				10		
4 35				Mdse. Dr. - - - - - - - - - -		
			4	To R. C. Spencer for—		
				3.50 3.75		
				1 Sink, *Ea.* 20/28 18/30 $7.25		
				Less 40%, - 2.90	4 35	
				Reported short in bill July 31, - - - -		
				"		
				Sunds. To - - - - - - - - - Mdse.		1552 95
		1158 75	4	D. L. Musselman, - - - - - S. B. 3,		
		313 20	7	Ex. Mfg. Co. - - - - - - - " 3,		
		81	4	R. C. Spencer, - - - - - - " 3,		
				"		
			3	[1]Sunds. To - - - Bills Receivable, $2,	1415 25	
	1401 10			Cash, - - - - - - - - - C. B. 1,		
		14 15	5	Interest, for amount deducted, - - - -		
		6623 85		Amounts forward, - - - - - - -	6034 85	
		2201 10		Cash, - - - - - - - - - - -	373 50	
		302 85		Mdse. - - - - - - - - - - -	2719 45	
		9127 80		Proof, - - - - - - - - - - -	9127 80	

[1] Post this opposite Bills Receivable, $2. See Bills Rec. acc't.

Drs. **Aug. 10, 1875.** *Crs.*

Mdse.	Cash.		L.F.		Cash.	Mdse.
302 85	2201 10	6623 85		Am'ts bro't forward, - - -	6084 85	373 50	2719 45
				"			
				Sunds. To - - - - - - - - - Cash,		895	
		840	3	Foundry Wages, - - - - - C. B. 1,			
		20	1	Expense, - - - - - - - - " 1,			
		35	2	Flasks, - - - - - - - - - " 1,			
				"			
		978 45	3	Bills Receivable, $3, - - - - - - Dr.			
			4	To R. C. Spencer, - - - - - - - - -	978 45		
				20			
				Sunds. To - - - - - - - - - Mdse.			1065
		15	7	Jackson Cagle, - - - - - - S. B. 4,			
		1050	7	Jno. R. McGinley, - - - - - " 4,			
				"			
		450	6	B. F. Sturtevant, - - - - - - - Dr.			
				To Cash, - - - - - - - - C. B. 1,		450	
				"			
	450 50			Cash, - - - - - - - - - - Dr.			
			7	To Ex. Mfg. Co. - - - - - - C. B. 1,	450 50		
				"			
		735 50	3	[1]Bills Receivable, To - - - - - Sunds.			
			4	To H. W. Flickinger for $4, - - - - -	250		
			4	" do. " $5, - - - - -	185		
			5	" B. F. Moore " $6, - - - - -	320 50		
				31			
				Sunds. To - - - - - - - - - Mdse.			119 44
		48 60	7	Geo. J. Luckey, - - - - - S. B. 4,			
		70 84	8	J. J. DeHan, - - - - - - - " 4,			
				"			
		16	5	Interest, - - - - - - - - - Dr.			
			5	To B. F. Moore for amount allowed on advance payment, - - - - - - -	16		
		10903 24		Amounts forward, - - - - - - - -	8235 30		
		2651 60		Cash, - - - - - - - - - - - -	1718 50		
		302 85		Mdse, - - - - - - - - - - - -	3903 89		
		13857 69		Proof, - - - - - - - - - - - -	13857 69		

[1] See Bills Receivable acc't in Ledger before posting.

Dr. **Aug. 31, 1875.** *Crs.*

Mdse.	Cash.		L.F.		Cash.	Mdse.
302 85	2651 60	10908 24		Am'ts bro't forward, - - -	8285 30	1718 50	3903 89
				"			
			3	Sunds. To Bills Payable, #3, - - - - -	2500		
	2473 32			Cash for net proceeds, - - - - - - -			
		26 68	5	Interest for discount, - - - - - - -			
				"			
			4	Sunds. To D. L. Musselman, - - - - -	1160 75		
	1125 93			Cash, - - - - - - - - - C. B. 1,			
		34 82	5	Interest—discount allowed, - - - - -			
				"			
				Sunds. To - - - - - - - - - Cash,		1046 30	
		845	3	Foundry Wages, - - - - - C. B. 1,			
		25	2	Patterns, - - - - - - - " 1,			
		20	2	Flasks, - - - - - - - - " 1,			
		19	1	Expense, - - - - - - - - " 1,			
		137 30	7	Ex. Mfg. Co. - - - - - - - " 1,			
				"			
		1050	2	Metal, - - - - - - - - - - Dr.			
			8	To Loomis & Collord for bill of Metal, Aug. 10, - - - - - - - - -	1050		
		13061 04			12946 05		
		6250 85	5	[1]Cash, - - - - - - - - - - -	2764 80		
		302 85	5	Mdse. - - - - - - - - - - -	3908 89		
		19614 74		Proof, - - - - - - - - - - -	19614 74		

[1] See Note 2, p. 157.

Drs. **Sept. 1, 1875.** *Crs.*

Mdse.	Cash.			L.F.				Cash.	Mdse.
		5000		3	Bills Payable, #1, To - - - - - Sunds.			2500	
					To Cash, - - - - - - - - C. B. 2,				
				3	" Bills Payable, #4, for new note in part renewal, @ 60 days, - - - - - -	2500			
					"				
					Sunds. To - - - - - - - - Mdse.				284 13
		2		4	D. L. Musselman, - - - - - S. B. 5,				
		282	13	8	D. R. Lillibridge, - - - - - " 5,				
					"				
					Sunds. To - - - - - - - - Cash,			248	20
235					Mdse. - - - - - - - - - C. B. 2,				
		13	20	5	Interest, - - - - - - - - " 2,				
					"				
		5700		6	J. W. Pope, - - - - - - - - Dr.				
				3	To Bills Payable, #5, - - - - - - -	5700			
					"				
		589	05	8	Loomis & Collord, To - - - - Sunds.				
				4	To B. M. Worthington, for draft on him July 31, @ 60 days, - - - - - -	577	50		
				5	To Interest for am't allowed for advance payment, - - - - - - - - -	11	55		
					10				
					Sunds. To - - - - - - - - Mdse.				698
	18	675		8	John Carnell, - - - - - - - S. B. 5,				
					Cash, - - - - - - - - - " 5,				
					"				
					Sunds. To - - - - - - - - Cash,			848	
		750		3	Foundry Wages, - - - - - - C. B. 2,				
		25		2	Flasks, - - - - - - - - - " 2,				
		25		2	Patterns, - - - - - - - - " 2,				
		20		1	Expense, - - - - - - - - " 2,				
		28		6	Sam'l G. B. Cook, - - - - - " 2,				
		13109	38		Amounts forward, - - - - - - - -	8789	05		
		18			Cash, - - - - - - - - - -	3596	20		
		235			Mdse. - - - - - - - - -	977	13		
		13362	38		Proof, - - - - - - - - - -	13362	38		

Drs. **Sept. 10, 1875.** *Crs.*

Mdse.	Cash.			L.F.				Cash.		Mdse.
235	18	18109	38		Am'ts bro't forward, - - -	8789	05	3596	20	977 137
					"					
				7	Sunds. To Jno. R. McGinley, - - - -	1050				
		525		8	Bills Receivable, $7, - - - - - - - -					
		525		9	[1]Profit & Loss for amount lost by compromise, - - - - - - - - - -					
					20					
					Sunds. To - - - - - - - - - Mdse.					494
	489	37	4	63	8 J. J. DeHan, - - - - - - - S. B. 6,					
					Cash, - - - - - - - - - " 6,					
					"					
				3	Sunds. To Bills Receivable, $8, - - - -	978	45			
	975	84			Cash, - - - - - - - - - - - -					
			2	61	5 Interest for amount of discount, - - -					
					"					
	253	71			Cash Dr. To - - - - - - - - Sunds.					
					8 To J. J. DeHan, - - - - - C. B. 2,	68	71			
					3 " Bills Receivable, $5, - - " 2,	185				
					"					
					Sunds. To - - - - - - - - - Cash,			2052	54	
		820		3	Foundry Wages, - - - - - C. B. 2,					
		50		2	Patterns, - - - - - - - - " 2,					
		30		2	Flasks, - - - - - - - - - " 2,					
		21		1	Expense, - - - - - - - - " 2,					
		1131	54	4	D. L. Musselman, - - - - - " 2,					
					"					
		34	82	4	D. L. Musselman, - - - - - - - Dr.					
				5	To Interest for amount credited Aug. 31, and now charged back, - - - - -	34	82			
		16253	98		Amounts forward, - - - - - - -	11106	08			
		1736	92		Cash, - - - - - - - - - - -	5648	74			
		235			Mdse, - - - - - - - - - - -	1471	13			
		18225	90		Proof, - - - - - - - - - - -	18225	90			

[1] We debit Profit and Loss, as it is not an expense.

Drs. **Sept. 30, 1875.** *Crs.*

Mdse.		Cash.				L.F.				Cash.		Mdse.	
235		1736	92	16253	98		Am'ts bro't forward, - - -	11106	03	5648	74	1471	13
							"						
							Sunds. To - - - - - - - - - Mdse.					1824	60
				855		4	R. C. Spencer, - - - - - - S. B. 6,						
				969	60	4	H. W. Flickinger, - - - - - " 6,						
							"						
		168	29				Cash, - - - - - - - - - - Dr.						
						3	To Bills Receivable, $1, - - - - - -	168	29				
							"						
				90	50	1	Expense, - - - - - - - - - Dr.						
							To Cash, - - - - - - - - - -			90	50		
							"						
				2	13	5	[1]Interest, - - - - - - - - - Dr.						
						8	To J. J. DeHan for discount allowed on bill Aug. 31, - - - - - - - - -	2	13				
							"						
210	82						Mdse. - - - - - - - - - - Dr.						
						8	To American Galvanizing Co. for bill of Work, Sept. 20, - - - - - - - -	210	82				
				18171	21			11487	27				
				1905	21	5	[2]Cash, - - - - - - - - - -	5739	24				
				445	82	5	Mdse. - - - - - - - - - -	3295	73				
				20522	24		Proof, - - - - - - - - - -	20522	24				

[1] This should have been credited to DeHan when we received a return from the draft drawn on him. See Note 3, p. 51. The book-keeper should know why the draft was for $68.71 when the bill was $70.84, and make the proper entry to credit him with the difference.

[2] See Note 2, p. 157.

1

Dr. **STOCK ACCOUNT.** **Cr.**

1875.						1875.					
Sept.	*30*	*To Balance, - f.*	*9*	*12630*	*85*	July	1	By Cash, - - -	1	9000	
						Sept.	30	" Profit & Loss, f.	9	3630	85
				12630	85					12630	85
		Note. Read p. 120 for directions.				Oct.	1	By Bal. bro't down,		12630	85

BUILDINGS AND FIXTURES.

1875.						1875.					
July	1	To Cash, - - - -	1	5000		*Sept.*	*1*	*By Balance, - f.*	*9*	*15250*	
"	"	" Bills Pay. $1,	"	5000							
"	31	" Sunds. - - -	2	2850							
Aug.	2	" Bills Pay. $2,	4	2400							
				15250						15250	
Oct.	1	To Bal. bro't down,		15250							

This is a property account, and shows what Buildings and Fixtures have cost up to time of closing. Any additional cost after closing can be posted under the bal. bro't down. See p. 72.

EXPENSE ACCOUNT.

1875.						1875.					
July	1	To Cash, - - - -	1	5		Sept.	30	By Profit & Loss, f.	9	759	60
"	10	" do. - - - -	"	467	10						
"	20	" do. - - - -	"	21							
"	31	" do. - - - -	2	21							
Aug.	2	" do. - - - -	4	75							
"	10	" do. - - - -	5	20							
"	31	" do. - - - -	6	19							
Sept.	10	" do. - - - -	7	20							
"	20	" do. - - - -	8	21							
"	30	" do. - - - -	9	90	50						
				759	60					759	60

This is a branch of your Profit and Loss account. It shows the expense of conducting your business. See ¶ 5, p. 72.

Dr. **FLASK ACCOUNT.** *Cr.*

1875.						1875.					
July	1	To Cash,	1	509		*Sept.*	*30*	*By Balance, f.*	*9*	*828*	*80*
"	10	" do.	"	150							
"	20	" do.	"	45							
"	31	" Fernald & Size,	2	14	80						
Aug.	10	" Cash,	5	35							
"	31	" do.	6	20							
Sept.	10	" do.	7	25							
"	20	" do.	8	30							
				828	80					828	80
Oct.	1	To Bal. bro't down,		828	80						

This acc't is kept to show the exact cost of the Flasks and the one following it, to show the cost of patterns. ¶ 4, p. 72.

PATTERN ACCOUNT.

1875.						1875.					
July	1	To Cash,	1	320		*Sept.*	*30*	*By Balance, f.*	*9*	*625*	
"	10	" do.	"	115							
"	20	" do.	"	45							
"	31	" do.	2	45							
Aug.	31	" do.	6	25							
Sept.	10	" do.	7	25							
"	20	" do.	8	50							
				625						625	
Oct.	1	To Bal. bro't down,		625							

METAL ACCOUNT.

1875.						1875.					
July	31	To J. W. Pope,	3	5700		Sept.	30	By Mdse. f.	5	6750	
Aug.	31	" Loomis & Collord,	6	1050							
				6750						6750	

This is a branch of the Mdse. account, and is kept to show the cost of metal. It closes into the Mdse. acc't. Note 1, p. 65,

BILLS PAYABLE.

Dr. *Cr.*

1875.					1875.				
Sept. 1	To Sunds. - $1,	7	5000		July 1	By B. & Fixt. $1,	1	5000	
" "	Bills Pay. $6, $2, f.	3	2400		Aug. 2	" do. - $2,	4	2400	
	7400				" 31	" Sunds. - $3,	6	2500	
					Sept. 1	" Bills Pay. $4,	7	2500	
					" "	" J. W. Pope, $5,	"	5700	
					" "	" Bills P. $2, $6, f.	3	2400	
						20.500			
						7.400			
						13.100			

Observe that the notes are posted separately, and when paid, the counter post and number must be on the same line with the first entry. No. 6 is a renewal of No. 2. See Bills Payable Book.

FOUNDRY WAGES.

1875.					1875.				
July 20	To Cash, - - - -	1	800		Sept. 30	By Mdse. - - f.	5	4895	
" 31	" do. - - - -	2	840						
Aug. 10	" do. - - - -	5	840						
" 31	" do. - - - -	6	845						
Sept. 10	" do. - - - -	7	750						
" 20	" do. - - - -	8	820						
			4895					4895	

This, like "Metal Acc't," is a branch of Mdse. acc't and closes into it.

BILLS RECEIVABLE.

1875.						1875.					
July 31	To D. L. Musselman,	$1,	2	168	29	Sept. 30	By Cash, - -	$1,	9	168	29
Aug. 2	" B. M. Worthington,	$2,	4	1415	25	Aug. 10	" Sunds, - -	$2,	4	1415	25
" 10	" R. C. Spencer,	$3,	5	978	45	Sept. 20	" do. - -	$3,	8	978	45
" 20	" H. W. Flickinger,	$4,	"	250							
" "	" do.	$5,	"	185		Sept. 20	" Cash, - -	$5,	8	185	
" "	" B. F. Moore,	$6,	"	320	50						
Sept. 10	" J. R. McGinley,	$7,	8	525							

See note under Bills Payable acc't, above.

Dr. **B. M. *Madison, Wis.* WORTHINGTON.** **Cr.**

1875.						1875.					
July	10	To Mdse. Sept. 8	1	1415	25	Aug.	2	By Bills Rec. $2,	4	1415	25
"	31	" do. " 29	2	577	50	Sept.	1	" Loomis & Collord, -	7	577	50
				1992	75					1992	75

We make this account show the maturity of each bill, so that its collection can be attended to at the proper time. In business all accounts should be so posted.

D. L. *Quincy, Ill.* MUSSELMAN.

1875.						1875.					
July	20	To Mdse.[1] - - -	1	126	62	July	31	By Bills Rec. - $1,	2	168	29
"	31	" Interest, - - -	2	1	67	Aug.	31	" Sunds. - - -	6	1160	75
"	"	" Mdse. (20th), -	3	40				1329.04			
Aug.	10	" do. - - -	4	1158	75						
Sept.	1	" do. - - -	7	2							
"	20	" Cash, - - - -	8	1131	54						
"	"	" Interest, - - -	"	34	82						
		9495.40									
		1329.04									
		1166.36									

[1] This bill is over-paid, the book-keeper must investigate this. See Jour. p. 157.

ROBERT C. *Milwaukee, Wis.* SPENCER.

1875.						1875.					
July	31	To Mdse. - - - -	2	982	80	Aug.	10	By Mdse. short, -	4	4	35
Aug.	10	" do. - - - -	4	81				" " Bills Rec. $3,	5	978	45
Sept.	30	" do. - - - -	9	855							
		1918.80									
		982.80									
		936.									

H. W. *Philadelphia, Pa.* FLICKINGER.

1875.						1875.					
July	31	To Mdse. - - - -	2	448		Apr.	20	Bills Rec. $3 & 4,	5	435	
Sept.	30	" do. - - - -	9	969	60						
		1417.60									
		435.									
		982.60									

Dr. INTEREST ACCOUNT. Cr.

1875.						1875.					
Aug.	10	To Bills Receivable, $2,	4	14	15	July	31	By D. L. Musselman, - -	2	1	67
"	31	" B. F. Moore, - - -	5	16		Sept.	1	" Loomis & Collord, -	7	11	55
"	"	" Bills Payable, - $3,	6	26	68	"	20	" D. L. Musselman, - -	8	34	82
"	"	" D. L. Musselman, - -	"	34	82	"	30	" Profit & Loss, - 48.04 f.	9	61	55
Sept.	1	" Cash, - - - - - -	7	13	20						
"	20	" Bills Receivable, $3,	8	2	61						
"	30	" J. J. DeHan, - - - -	9	2	13						
		109.59									
		48.04									
		61.55		109	59					109	59

The above account shows what is gained or lost by Interest. See ¶ 5, p. 72.

CASH ACCOUNT.

1875.					1875.				
July	31	To Sunds. - - - - - -	3	9088 30	July	31	By Sunds. - - - - - -	3	8405 10
Aug.	31	" do. - - - - - -	6	6250 85	Aug.	31	" do. - - - - - -	6	2764 80
Sept.	30	" do. - - - - - -	9	1905 21	Sept.	30	" do. - - - - - -	9	5739 24
					"	"	" *Balance*, - - - - *f.*	9	*285 22*
				17194 36					17194 36
Oct.	1	To Bal. bro't down,[1] - -		285 22					

[1] Compare this with the Balance in your Cash Book.

MDSE. ACCOUNT.

1875.					1875.				
July	31	To Sunds. - - - - - -	3	117 50	July	31	By Sunds. - - - - - -	3	3628 47
Aug.	31	" do. - - - - - -	6	302 85	Aug.	31	" do. - - - - - -	6	3903 89
Sept.	30	" do. - - - - - -	9	445 82	Sept.	30	" do. - - - - - -	9	3295 73
"	"	" Metal, - - - - - f.	2	6750	"	"	[1] *Balance*, - - - - *f.*	9	*6660 08*
"	"	" Wages, - - - - f.	8	4895					
"	"	" Profit & Loss, - - f.	9	4977					
				17488 17					17488 17
Oct.	1	To Bal. bro't down, - -		6660 08					

[1] See p. 86. We give no Inventory for this set.

B. F. *Atlanta, Ga.* MOORE.

1875.					1875.				
Aug.	2	To Mdse. - - - - - -	4	1136 50	Aug.	2	By Cash, - - - - - -	4	800
					"	20	" Bills Receivable, $6,	5	320 50
					"	31	" Interest, - - - - -	"	16
				1136 50					1136 50

Dr. **A. STETLER & SON.** *Cr.*

							1875. July	1	By Building & Fix.		2	2400		

B. F. *Boston, Mass.* **STURTEVANT.**

1875. Aug.	20	To Cash, - - - -		5	450		1875. June	25	By Building & Fix.		2	450		

FERNALD & SISE.

							1875. July	2	By Flasks, - - -		2	14	80	

J. W. POPE.

1875. Sept.	1	To Bills Pay. - $5,		7	5700		1875. July	31	By Metal, 2 Bills,		3	5700		

McQUISTON *Pittsburgh, Pa.* **& COMPANY.**

							1875. July	20	By Mdse. - - -		3	67	50	

SAM'L G. B. *Baltimore, Md.* **COOK.**

1875. Sept.	10	To Cash, - - - -		7	28		1875. July	20	By Mdse. - - -		3	28		

Dr. **D. CLINTON** *City.* **HICKS.** *Cr.*

1875.						1875.					
Aug.	2	To Mdse. - - -	4	30							

EXCELSIOR *St. Louis, Mo.* **MFG. CO.**

1875.						1875.					
Aug.	10	To Mdse. - - -	4	313 20		Aug.	20	By Cash, - - -	5	450	50
"	31	" Cash, - - - -	6	137 30							
				450 50						450	50

JACKSON *City.* **CAGLE.**

1875.											
Aug.	20	To Mdse. - - - -	5	15							

JOHN R. *Pittsburgh, Pa.* **McGINLEY.**

1875.						1875.					
Aug.	20	To Mdse. - - -	5	1050		Sept.	10	By Sunds, - - -	8	1050	

GEORGE J. *Pittsburgh, Pa.* **LUCKEY.**

1875.											
Aug.	31	To Mdse. - - -	5	48	60						

Dr. **J. J.** *Cincinnati, O.* **DEHAN.** *Cr.*

1875.						1875.					
Aug.	31	To Mdse. - - - -	5	70	84	Sept.	20	By Cash, - - -	8	68	71
Sept.	20	" do. - - - -	8	4	63	"	30	" Discount, - -	9	2	13
		75.47						70.84			
		70.84									
		4.63									

LOOMIS & *Pittsburgh, Pa.* **COLLORD.**

1875.						1875.					
Sept.	1	To Sunds. - - -	7	589	05	Aug.	10	By Metal, - - -	6	1050	
								1050.			
								589.05			
								460.95			

D. R. *Manchester, N. H.* **LILLIBRIDGE.**

1875.					
Sept.	1	To Mdse. - - -	7	282	13

JOHN *Troy, N. Y.* **CARNELL.**

1875.					
Sept.	10	To Mdse. - - -	7	675	

AMERICAN GALVANIZING CO.

						1875.					
						Sept.	20	By Mdse. - - -	9	210	82

Dr. PROFIT AND LOSS. *Cr.*

1875.						1875.					
Sept.	10	To J. R. McGinley,	8	525		Sept.	30	By Mdse. - - f.	5	4977	
"	30	" Expense, - f.	1	759	60			4977.			
"	"	" Interest, - f.	5	61	55			1346.15			
"	"	" Stock, 1346.15 f.	1	3630	85			Gain, 3630.85			
				4977						4977	

See p. 48.

BALANCE ACCOUNT.

1875.						1875.					
Sept.	30	D. L. Musselman, f.	4	1166	36	Sept.	30	A. Stetler & Son, f.	6	2400	
"	"	R. C. Spencer, - -	"	936		"	"	Fernald & Sise, -	"	14	80
"	"	H. W. Flickinger, -	"	982	60	"	"	McQuiston & Co. -	"	67	50
"	"	D. Clinton Hicks, -	7	30		"	"	Loomis & Collord, -	8	460	95
"	"	Jackson Cagle, -	"	15		"	"	Am. Galv. Co. - -	"	210	82
"	"	George J. Luckey, -	"	48	60						
"	"	J. J. DeHan, - -	8	4	63	"	"	Total book acc'ts, -		3154	07
"	"	D. R. Lillibridge, -	"	282	13	"	"	Bills Payable, - -	3	13100	
"	"	John Carnell, - -	"	675		"	"	Stock, - - - -	1	12630	85
"	"	Total book acc'ts, -		4140	32						
"	"	Bills Receivable, -	3	1095	50						
"	"	Buildings & Fixt. -	1	15250							
"	"	Flasks, - - - -	2	828	80						
"	"	Patterns, - - -	"	625							
"	"	Cash, - - - - -	5	285	22						
"	"	Mdse. - - - -	"	6660	08						
		26884.92									
		16254.07									
		10630.85		28884	92					28884	92

See p. 49.

Note. For the convenience of the book-keeper, when making out his balance sheet, all personal accounts should be taken to this account first, and a footing line drawn on each side. Then add them up, and insert amount and explanation as above. See Balance Sheet, pp. 174, 175. The amounts on the Balance Sheet should check with the amounts in the Balance Acc't.

SET IV.—DOUBLE ENTRY BOOK-KEEPING.

EXERCISES IN BUSINESS FORMS.

1. After writing the answers to questions on p. 50, make out the following forms. Write bills on bill paper, and all other forms on cap or letter paper. We give forms on pages 134, 135, 136, 137, 138, and 139.

2. When the Journal Entry does not give particulars for the required form, the student can obtain them in the original entry.

Write note given to Wilhelm & Co. for $5000.	See Jour. entry, July 1, p. 155.	Form 1.
Write bill for goods sold B. M. Worthington.	See Jour. entry, July 10, p. 155.	Form 8.
Write bill for goods sold D. L. Musselman.	See Jour. entry, July 20, p. 155.	Form 8.
Write note received from D. L. Musselman.	See Jour. entry, July 31, p. 156.	Form 1.
Write bill for goods sold R. C. Spencer.	See Jour. entry, July 31, p. 156.	Form 8.
Write letter of acknowledgment to B. M. Worthington.	See Jour. entry, Aug. 2, p. 158.	Form 21.
Write letter of acknowledgment to B. F. Moore.	See Jour. entry, Aug. 2, p. 158.	Form 21.
Write bill for goods sold B. F. Moore.	See Jour. entry, Aug. 2, p. 158.	Form 8.
Write notes received from H. W. Flickinger.	See Jour. entry, Aug. 20, p. 159.	Form 2.
Write letter to B. F. Sturtevant to enclose Draft for $450.	See Jour. entry, Aug. 20, p. 159.	Form 20.
Write letter that Sturtevant must send to acknowledge the receipt of the $450.	See Jour. entry, Aug. 20, p. 159.	Form 21.
Write letter of acknowledgment to Ex. Mfg. Co.	See Jour. entry, Aug. 20, p. 159.	Form 21.
Write receipt and duplicate which Standard Bolt. Co. must give for the payment you make on account of the Ex. Mfg. Co.	See Jour. entry, Aug. 31, p. 160.	Form 15.
Write draft on B. M. Worthington.	See Jour. entry, Sept. 1, p. 161.	Form 6.
Write Bills Payable, $4,	See Jour. entry, Sept. 1, p. 161.	Form 1.
Write receipt J. W. Pope must give.	See Jour. entry, Sept. 1, p. 161.	Form 14.
Write J. R. McGinley's note.	See Jour. entry, Sept. 10, p. 162.	Form 2.
Write bill for goods sold W. B. Richards.	See Jour. entry, Sept. 20, p. 162.	Form 9.

Dr. **BALANCE SHEET OF . . . .**

1875.								
		EFFECTS.						
Sept.	30	Amount due by Sundry persons on book acc'ts,					4140	32
"	"	" " " " notes,					1095	50
"	"	Cost of Buildings and Fixtures,		15250				
"	"	" of Flasks,		828	80			
"	"	" of Patterns,		625			16703	80
"	"	Cash on hand,					285	22
"	"	Mdse. on hand,					6660	08
							28884	92

The amounts here and on the opposite side are in the same order as in the Balance account.

PROFIT AND LOSS

1875.								
		LOSSES.						
Sept.	30	Incidental losses per account,					525	
"	"	Amount of expenses to date,					759	60
"	"	Loss on Interest,					61	55
"	"	Gain on 3 months business to my Cr. in Stock Account,					3630	85
							4977	

This abstract gives all the losses and gains in compact form.

MERCHANDISE

1875.								
Sept.	30	Cost of Incidental purchases per Mdse. account,	p. 5,				866	17
"	"	" Metal " " account,	p. 2,				6750	
"	"	" Foundry Labor, per account,	p. 3,				4895	
"	"	Gain on Mdse. sales for 3 months,					4977	
							17488	17

Note. No form of Balance Sheet that we have seen is so simple and so easily understood as the one presented above.

1875.				
		LIABILITIES.		
Sept.	30	Amount due to Sundry persons on book acc'ts,		3154 07
"	"	" " " " notes,		13100
"	"	" of my capital July 1, 1875,	9000	
"	"	" gain now added,	3630 85	
"	"	" capital at this date,		12630 85
				28884 92

The learner can insert his own name in the blank space in heading line above.

ACCOUNT.

1875.				
		GAINS.		
Sept.	30	Gain on Mdse. as per statement below,		4977
				4977

ACCOUNT.

1875.				
Sept.	30	Sales to date per Mdse. account, p. 5,		10828 09
"	"	Mdse. on hand at this date,		6660 08
				17488 17

SET IV.—DOUBLE ENTRY BOOK-KEEPING.

N. B. Direct the learner to journalize and post the following transactions on loose sheets of paper; take off a proof sheet, close the Ledger and make out a balance sheet. See Form, pp. 174, 175.

Oct.	2.	Commenced business with a cash capital of - - - - -	$5000.
"	"	P'd cash for books and stationary for office use, - - - -	30.
"	"	P'd cash for 1 months rent of store in advance, - - - -	100.
"	"	Bo't of P. Duff & Sons, on %, 500 bbls. Flour, @ $8, - -	4000.
"	3.	Bo't of W. H. Hunker, for cash, 500 bu. Wheat, @ $1.50, -	750.
"	4.	Sold J. H. Hampton, on %, 200 bbls. Flour, @ $10, - - -	2000.
"	5.	Sold C. L. Magee, on %, 100 bu. Wheat, @ $1.70, - - -	170.
"	6.	Rec'd J. H. Hampton's note, @ 30 days, in full, - - - -	2000.
"	"	P'd cash for State Mercantile license, - - - - - - -	12.
"	7.	Sold R. B. Brown, on %, 400 bu. Wheat, @ $1.75, - - -	700.
"	9.	Gave P. Duff & Sons, on %, J. H. Hampton's note for - -	2000.
"	10.	Sold M. H. Houseman, on %, 100 bbls. Flour, @ $10, - -	1000.
"	11.	Gave P. Duff & Sons my order on C. L. Magee for - - -	170.
"	12.	R. B. Brown has failed, and I settle with him for 50% on the dollar of the amount due me.	
		Rec'd S. Kilgore's note, @ 30 days, for the amount - $350	
		The remainder is lost, - - - - - - - - - - - - 350	700.
"	13.	Bo't of W. F. Lang & Co., on %, 100 doz. Brooms, @ $2.00, -	200.
"	14.	Bo't of Union Manufacturing Co. 100 doz. Globe Washboards, @ $2.50, - - - - - - - - - - - - - - -	250.
"	16.	P'd cash for freight on Washboards, - - - - - - - -	12.50
"	"	" " " donation to sufferers by explosion, - - - -	25.
"	17.	Sold Willis McCook, on %, 100 bbls. Flour, @ $10, - - -	1000.
"	18.	P'd cash for clerk hire, - - - - - - - - - - - - -	50.
"	"	" " " postage stamps, - - - - - - - - - - -	5.
"	"	Sold P. Reymer, on %, 50 doz. Brooms, @ $2.50, - - - -	125.
"	19	Sold Geo. I. Stahl, on %, 50 doz. Washboards, @ $3, - -	150.
"	"	*Merchandise on hand, $1031.25.*	

Answer. Net gain, $391.75. Net capital, $5391.75.

ADDITION.

We desire to urge upon young accountants the necessity of frequent exercises in adding long columns, to secure proficiency. Many troublesome errors result from a want of accuracy. These can be avoided only by constant practice. An improved method of addition is illustrated by the following figures—

2348.75	2.1
8651.68	2.4
1031.40	2.2
796.32	3.1
9084.26	1.9
21912.41	21

We commend the method of the above illustration as an improvement that will save adding several columns when the amount to be carried forward has been forgotten, or as a means of testing a column by itself without the labor of going over those that precede it. To explain—the amount of the first cent column is 2.1, that of the next, 2.4. Draw a line to separate the dollars and cents. The amounts of the next columns, in their order, are 2.2, 3.1, 1.9, and the last 21. The right hand figures and the last left hand figure are the product. The left hand figures, except the last one, are the amounts to be carried to the columns to which they belong.

IMPROVED METHOD OF FINDING INTEREST FOR MONTHS AND DAYS.

Rule 1. To find the interest at six per cent. for months.

Remove the decimal point two places to the left in the principal, and multiply by half the number of months.

Rule 2. To find the interest at six per cent. for days.

For 60 days, point off two places in the principal, and it becomes the interest. For 6 days, point off three places in the principal, and it becomes the

interest. For 5, 10, 15, 20, and 30 days, take aliquot parts of the product, when found for 60 days. For other numbers multiply the interest for 6 days by $\frac{1}{6}$ the given number of days.

Example	*1.*	Required the interest on	$200	for	4	months	2.00	×2	=	$ 8.00
"	*2.*	"	"	600	"	5	"	6.00	×2½	=	15.
"	*3.*	"	"	750	"	8	"	7.50	×1⅓	=	11.25
"	*4.*	"	"	500	"	9	"	5.00	×4½	=	22.50
"	*5.*	"	"	811	"	18	"	8.11	×9	=	72.99
"	*6.*	"	"	100	"	60	days	1.00		=	1.
"	*7.*	"	"	150	"	30	"	1.50	× ½	=	.75
"	*8.*	"	"	300	"	20	"	3.00	× ⅓	=	1.
"	*9.*	"	"	800	"	15	"	8.00	× ¼	=	2.
"	*10.*	"	"	900	"	10	"	9.00	× ⅙	=	1.50
"	*11.*	"	"	100	"	6	"	.100		=	.10
"	*12.*	"	"	200	"	12	"	.200	×2	=	.40
"	*13.*	"	"	700	"	24	"	.700	×4	=	2.80
"	*14.*	"	"	800	"	11	"	.800	×1⅔	=	1.46
"	*15.*	"	"	1200	"	13	"	1.200	×2½	=	3.60

Teachers should furnish numerous examples to make the pupil perfectly familiar with the working of the rules. We consider this the shortest and best method in use.

SIMPLE EQUATIONS.

Rule. Multiply the amount of each sale by the number of days that intervene between its maturity and that of the first amount due. Divide the sum of these products by the total amount of sales; the quotient is the equated time counted forward from the day upon which the first amount falls due.

Note. Equations are fully explained in all arithmetics, and we do not deem it necessary to give them extended notice here; therefore we illustrate the rule by one example only.

Ex. 1. Sold for account of Proctor & Gamble, Cincinnati, Ohio.

June	1,	20	bbls.	Lard Oil,	900	galls.	@	$1.00,	$ 900.	for Cash.
"	10,	10	"	"	450	"	@	1.00,	450.	on 30 days.
"	20,	30	"	"	1350	"	@	.90,	1215.	" 60 "
"	30,	10	"	"	450	"	@	.90,	405.	" 90 "

Required the equated time when the total amount of the sales will fall due.

Solution of preceding example.

Date of sale,	Terms,	Due,	Am't,	No. of days,	
June 1,	Cash,	June 1,	$ 900.		
" 10,	30 days,	July 10,	450. ×	39 =	17,550
" 20,	60 "	Aug. 19,	1215. ×	79 =	95,985
" 30,	90 "	Sept. 28,	405. ×	119 =	48,195
			2970.		)161,730 (54 days to count

forward from June 1, the first amount due.

Answer. July 25.

COMPOUND EQUATIONS.

For ascertaining the average day of maturity on accounts composed of debits and credits of various dates and amounts.

Rule. Find the equated time of each side of the account by a simple equation; then multiply the lesser side by the time that intervenes between these two equations, and divide the product by the balance of the account; the quotient is the time to count back or forward from the date on which the greater side of the equation falls due. If the balance is on the side of the earliest equation, *count back* from that date; but if it be on the side of the latest equation, *count forward* from that date.

Example 1. Sold H. J. Lynch—

April 1,	Mdse. on	4 mos.	time, -	$400.
" 20,	"	4 "	" -	350.
May 1,	"	4 "	" -	500.
		Cr.		
May 15,	By Cash on acc't,		- - -	200.
June 1,	" "	"	- - -	100.
" 18,	" "	"	- - -	150.

Required the day on which the balance of his acc't will fall due by average.

Solution. Dr. side of account.

Date of sale,	Terms,	Due,	Am't,	Days,	Product,
April 1,	4 mos.	Aug. 1,	$ 400		
" 20,	4 "	" 20,	350 ×	19 =	6,650
May 1,	4 "	Sept. 1,	500 ×	31 =	15,500
			1250		)22,150 ($17\frac{900}{1250}$ days to count

forward from Aug. 1. When the fraction of a day is half, or over, it is counted

as a whole one, hence we count 18 days from Aug. 1, which gives Aug. 19 as the maturity of the Dr. side of the account.

Cr. side of acc't.

Date,	Due,	Am't,	Days,	Product,
May 15,	May 15,	$200		
June 1,	June 1,	100 × 17 =		1700
" 18,	" 18,	150 × 34 =		5100
		450		6800

(15 days to count from May 15, which gives May 30 as the maturity of the Cr. side of the account. The lesser side ($450) multiplied by the number of days (81) intervening between May 30 and Aug. 19 = 36450 ÷ 800 (the balance) = $45\frac{2}{8}$, or 46 days, as is counted when the fraction exceeds a half. The balance being on the Dr. side, and the Dr. side being the latest date, Aug. 19, we count forward from that date 46 days and obtain the answer, Oct. 4.

STORAGE EQUATIONS.

To ascertain the average time goods are subject to charge for storage when irregular amounts have been put in at various times.

Rule. Multiply the number of packages by the number of days they have been in store. Divide the product by 30, and the quotient will be the number of packages subject to charge for one month's storage; or if part have been taken out, make the same equation for amount taken out, deduct the sum of it from the sum of the stored product and divide the remainder by 30. The quotient will be the number of packages on which to charge one month's storage.

EXERCISES IN OPENING BOOKS BY DOUBLE ENTRY.

Ex. 1. I begin business with cash on hand, $2000. Mdse on hand, $1000. I hold George Pences note for $500, and own house and lot No. 119 Chambers Street, worth $10000. Required the Journal entry for opening my books.

Ex. 2. Commenced business with cash on hand, $2500. Stock in Market National Bank, $5000. Note of John Dalzell, $1500. Mdse. on hand, $3000. I owe on my note to M. Hay, $500. I owe W. H. Hamilton on book acc't, $300. Required the Journal entry to open my books.

Ex. 3. H. J. Lynch and E. F. Armstrong begin business under the firm name of H. J. Lynch & Co. Mr. Lynch pays in cash $20000. Mr. Armstrong pays in cash $5000. Required the opening Journal entry.

Ex. 4. James Johnston and John R. McGinley form a co-partnership for the purpose of carrying on the Dry Goods business. McGinley pays in cash, $10000, and owes on his note to M. McMillan $500. Johnston pays in cash $5000, and owes T. W. Myers on book acc't $300. The firm assumes and agrees to pay the liabilities of each partner. Required the Journal entry for opening the firm's books.

Ex. 5. Jas. Stevenson and Wm. McCance commence business with the following Assets and Liabilities. Stevenson pays in cash $4000; Mdse., $3000. He owes on his individual notes $400; to H. Rea on book acc't, $100. McCance pays in cash $5000; notes due him, $2000; Mdse., $3000. He owes on his individual notes $500. The firm assumes and agrees to pay the debts of each partner. Required the Journal entry to open the firm's books.

Ex. 6. N. Doty and G. W. Dean begin business with the following assets—

Doty pays in cash $5000; R. S. Waring's note for $5000.
Dean pays in cash $3000; N. P. Reed's note for $7000.

It is agreed by each to deduct 4 months interest on the notes paid in as capital. Required the Journal entry to open the books.

Ex. 7. Josiah King and Simon Johnson form a co-partnership for the purpose of carrying on the Drug business.

King pays in, as capital, cash $20000. Johnson contributes the stock and fixtures, owned by him, as follows—

Mdse. per inventory, taken by appraisers, - - - -	$20000
Store furniture and fixtures, including bottles, &c. -	5000
Two-horse wagon and team, - - - - - - - - -	500
Cash in drawer, - - - - - - - - - - - - - -	150

Johnson owes debts which the firm assumes, viz.:

To P. Duff & Sons on book acc't, - - - - -	$ 150
" " " on note, - - - - - - - -	500
" To Colgate & Co. on book acc't, - - - -	1000
" City Treasurer for last year's business tax,	150

Required the Journal entry to open the books for the new firm.

EXERCISES IN CLOSING THE LEDGER.

Example 1. The following accounts are open on my Ledger—

Stock Acc't is - - -	Dr.	$1300	Cr.	$4500
Mdse. - - - - - - -	"	7600	"	8100
Mdse. on hand, per inventory, - - -			$1375	
Cash, - - - - - - -	Dr.	4200	Cr.	2400
Bills Receivable, - -	"	2950	"	800
Bills Payable, - - -	"	500	"	1000
Profit & Loss, - - -	"	1150	"	900

On paper, ruled the same as a Ledger, write out a specification showing the accounts debited and credited as above. Open a Balance account and close all of the accounts, as directed by rules for closing, p. 41. Then reopen the Ledger by bringing down the balances to continue the business.

Ex. 2. J. R. McGinley and James Craven, partners, at the close of a year's business find their accounts as follows—

J. R. McGinley, - -	Dr.	$ 600	Cr.	$4800
James Craven, - -	"	500	"	4500
Profit & Loss, - -	"	400	"	2200
Balance, - - - -	"	11500	"	1500

Partners are equal in gain or loss. Required the Ledger specification showing the accounts closed and balances bronght down.

Ex. 3. H. D. Beerhman and Samuel Matthews desiring to close their partnership books, find their acc'ts stand as follows—

H. D. Beerhman's acc't,	Dr.	$ 1350	Cr.	$7500
Samuel Matthew's "	"	1175	"	3200
Expense, - - - - -	"	800	"	000
Interest, - - - - -	"	300	"	500
Commission, - - - -	"	000	"	2000
Profit & Loss, - - - -	"	700	"	2000
Balance, - - - - -	"	11000	"	125

H. D. Beerhman has $\frac{2}{3}$ and Samuel Matthews $\frac{1}{3}$ interest in the gain or loss. Required the Ledger specification showing all the accounts closed and balances bronght down.

PARTNERSHIP SETTLEMENTS.

Division of profits according to amount of capital invested.

Rule by proportion. As the whole capital is to each partner's capital, so is the whole gain to each partner's share of the gain; *i. e.*, multiply the whole gain by each partner's capital and divide the product by the whole capital. The result is each partner's share of the gain.

Ex. 1. M. Bailey, W. McKnight, and R. P. Duff, partners in business, have a total capital of $10000, and the profits are to be divided in proportion to the amount of capital invested by each. M. Bailey paid in $4000; W. McKnight $3500; and R. P. Duff $2500. At the expiration of one year they have gained $3300. Required the division of this profit among the partners.

Solution.

Whole capital,		Bailey's capital,		Whole gain,		Bailey's gain,
10000	:	4000	::	3300	:	1320
Whole capital,		McKnight's capital,		Whole gain,		McKnight's gain,
10000	:	3500	::	3300	:	1155
Whole capital,		Duff's capital,		Whole gain,		Duff's gain,
10000	:	2500	::	3300	:	825

Ex. 2. J. W. Houston pays in to the firm, as capital, $5000; Wm. Young pays in $3300; Wm. McKown pays in $2700; making a total capital of $11000. The profits amount to $4100, and are to be divided in proportion to the amount of capital paid in by each partner. Required the division of this profit among the partners.

Answer. J. W. Houston's gain, $1863.64; Wm. Young's gain, $1230; Wm. McKown's gain, 1006.36.

PARTNERSHIP SETTLEMENTS.

Adjustment of interest where one partner has drawn out more than another.

Rule. Find the balance of interest due each partner; add together these various balances and divide the sum by the number of partners; the quotient is the average amount of interest due to each partner, provided they were equally interested. Debit a partner for whatever amount he is below the average, and credit if above the average.

Note. The debits and credits in Journal entry must be equal.

Ex. 1. Chas. P. Duff paid in as capital to the firm of Duff Bros. $20,000,

for one year, and in six months drew out $5000. Wm. H. Duff paid into the firm, as capital, $20000, for one year, and in six months drew out $2000.

Required the amount of interest Chas. P. Duff will owe W. H. Duff to equalize their accounts. Write the necessary Journal entry.

Solution.

C. P. Duff paid in for 1 year	$20000 @ 6%	1200
" drew out " 6 mos.	5000 @ 6%	150
Bal. of interest due him,		1050
W. H. Duff paid in for 1 year	$20000 @ 6%	1200
" drew out " 6 mos.	2000 @ 6%	60
Bal. of interest due him,		1140
Total interest due both,		2)2190
If equally interested there would be due each,		1095
The am't due C. P. Duff is only		1050
He is below the average,		45
W. H. Duff's half of the total interest is		1095
Interest actually due him is		1140
He is above the average,		45

To equalize the interests, C. P. Duff owes W. H. Duff $45, and the Journal entry to adjust the same is

C. P. Duff, Dr.	45	
To W. H. Duff,		45

This method avoids the necessity of passing the interest through the Interest or Profit & Loss account.

PARTNERSHIP SETTLEMENTS BY SINGLE ENTRY.

Rule. All debits on the Ledger are effects, and all credits are liabilities. Make up a list of these, and if the former exceed the latter, then the difference is gain, and must be credited to stock or the partner's accounts. If the liabilities are the greatest in amount, then the difference is loss, and stock or the partner's accounts must be debited for the amount.

Ex. 1. M. Bailey keeps his books by Single Entry, and his accounts stand as follows: Stock acc't is Dr. $100; Cr. $2000. Jas. Lynn's acc't is Dr. $750; Cr. $50. George Miller's acc't is Dr. $500. Wm. McKown's acc't is Cr. $200. Cash on hand, $1000. Mdse. on hand, $500. Required the net profit to date and the balance due as capital. Make a Ledger specification showing the accounts closed and reopened by Double Entry.

Solution. After opening a Mdse. and Cash account, the accounts on M. Bailey's Ledger will stand thus—

COMMERCIAL CALCULATIONS.

STOCK.		JAMES LYNN.		GEO. MILLER.	
Sunds. - 100	Sunds. - 2000	Sunds. - 750	Sunds. - 50	Sunds. - 500	

WM. McKOWN.		CASH.		MDSE.	
	Sunds. - 200	On hand, 1000		On hand, 500	

The list of Effects and Liabilities is made up from the foregoing statement, according to the rule, and should be entered on the D. B. See p. 12.

The effects exceed the liabilities $600, which amount represents a gain and must be carried to the Cr. of Stock acc't, after which we proceed to close the accounts, as follows—

	Effects.	Liabilities.
Stock, - - - - -	100	2000
Jas. Lynn, - - - -	750	50
Geo. Miller, - - -	500	
Wm. McKown, - -		200
Cash, - - - - - -	1000	
Mdse. - - - - - -	500	
Total Effects, - - -	2850	2250
" Liabilities, -	2250	
" Gain, - - -	600	

STOCK.				JAS. LYNN.				GEO. MILLER.			
Sunds. -	100	Sunds. -	2000	Sunds. -	750	Sunds. -	50	Sunds. -	500	*Balance,*	*500*
Bal. n/c	*2500*	Net gain,	600			*Balance,*	*700*				
	2600		2600		750		750	Bal. - -	500		
		Bal. - -	2500	Bal. - -	700						

WM. McKOWN.				CASH.				MDSE.			
Balance,	*200*	Sunds. -	200	On hand,	1000	*Balance,*	*1000*	On hand,	500	*Balance,*	*500*
		Bal. - -	200	Bal. - -	1000			Bal. - -	500		

BALANCE ACC'T.

J. Lynn,	700	W. McK'n,	200
G. Miller,	500	Stock n/c	2500
Cash, - -	1000		
Mdse. -	500		
	2700		2700

This closes the Single Entry Ledger and reopens it as Double Entry.

Answer. Net profit, - - - $ 600
Net capital, - - - 2500

Ex. 2. Henderson McIntyre and James Dickson, partners, keep their books by Single Entry. The open accounts are as follows: H. McIntyre's %, Dr. $300; Cr. $2100. James Dickson's %, Dr. $350; Cr. $2500. Cash on hand, $1800. Mdse. on hand, $2600. James Bell owes on acc't, $400. Required the Ledger specification showing the transformation from Single to Double Entry; also the gain or loss and the amount due each partner.

Answer. Net gain, $850. { Due H. McIntyre, $2225. Due J. Dickson, 2575.

ADJUSTMENT AND CLOSING OF DERANGED DOUBLE ENTRY BOOKS.

Rule. Close all accounts representing gain or loss into Profit and Loss. Make up a complete list of Effects and Liabilities: all debits being effects, and all credits liabilities. If the effects exceed the liabilities the difference is a gain, and must be carried to the Cr. side of Profit and Loss. If the liabilities are the largest in amount, then the difference is a loss and is carried to the Dr. side of Profit and Loss. This will make the debits and credits of the Ledger equal in amount. Close Profit and Loss into Stock or partner's accounts in the regular way.

Ex. 1. My Ledger being out of balance (*i. e.*, debits and credits unequal in amount), I desire to adjust the same and close all the accounts now open to show my gain or loss, and reopen my Ledger in perfect balance. The open accounts are as follows: Stock, Dr. $200; Cr. $3000. Expense % Dr. $150. Mdse. on hand, $2500. Cash on hand, $500. Required the specification showing the Ledger closed and reopened with debits and credits equal in amount. What is my net gain and what is the amount of my capital?

Answer. Net gain, $200. Net capital, $3000.

Ex. 2. Wm. A. Miller and I. N. Stephenson, partners in business, each being equally interested in the gain or loss, kept their books by Double Entry, and find that the debits and credits on the Ledger are not equal in amount. The open accounts are Wm. A. Miller, Dr. $750; Cr. $5000. I. N. Stephenson, Dr. $600; Cr. $4900. Expense, Dr. $400. Profit and Loss, Dr. $200; Cr. $50. Mortimer L. Johnson, Dr. $1150. Mdse. on hand, $4700. Cash on hand, $2800. Bills Receivable on hand, $500.

Required the adjustment of the Ledger, according to the rule: The specifi-

cation to show it in balance, and all the accounts reopened to continue business. What is the net gain or loss, and what amount is due each partner?

Answer. Net gain, $600. { Due Wm. A. Miller, $4550. / Due I. N. Stephenson, 4600.

Note. If there be any property accounts open, first credit them "By Balance" for the value remaining on hand. If this does not close the account, close it To, or By Profit and Loss. (See Rule 2, p. 41.) Carry the gain or loss to the proper side of the Profit and Loss account. Bring down the balance on hand and include it in your list of Effects. Then proceed as directed in the foregoing rule.

Ex. 3. H. B. McCreary and C. Baylies, partners in business, each one-half interest. The books being out of balance, they desire to adjust them, and at the same time to ascertain their profits. The open accounts are as follows: H. B. McCreary, Dr. $2600; Cr. $7100. C. Baylies, Dr. $2300; Cr. $7500. Mdse. acc't, Dr. $18000; Cr. $17000. Mdse. on hand, $6000. Cash acc't, Dr. $20000; Cr. 18000. Cash on hand, $2000. Bills Receivable acc't, Dr. $3000; Cr. $2000. Bills Receivable on hand, $1000. Jas. P. Barr, Dr. $200. S. McClurkan, Dr. $600. W. N. Riddle, Cr. $400. Expense % Dr. $550. Profit and Loss, Dr. $100: Cr. 400. Required a specification of the Ledger showing it adjusted and closed. What is the net gain or loss, and what is the amount due each partner?

Answer. Net loss, $300. { Due H. B. McCreary, $4350. / Due C. Baylies, - 5050.

FINAL EXAMINATION.

1. What is the difference between Single and Double Entry? ¶ 4, p. 24. Introductory Remarks, p. 22.
2. What books are generally used in Single Entry? ¶ 2, p. 5.
3. What is the use of the Cash Book? ¶ 2, p. 5. ¶ 1, p. 95.
4. What is the use of the Day Book and Ledger? ¶ 2, p. 5.
5. Can other books be used in Single Entry? ¶ 3, p. 6.
6. What is an Opening Entry? ¶ 2, p. 26. Question 1, p. 28.
7. How is the Capital entered in Single Entry books when you begin business? Question 1, p. 6.
8. What is the meaning of the term "Stock"? ¶ 1, p. 26.
9. When two or more parties begin business, how is the capital entered in Single Entry books? Question 2, p. 6.
10. Is there any difference in the rules for debiting and crediting personal accounts in Single and Double Entry? Questions 3, 4, 5, and 6, pp. 6 and 7. Questions 3 and 4, p. 25.
11. How is the gain or loss ascertained in Single Entry? ¶ 1, p. 12.
12. What is the definition of the terms "Effects and Liabilities"? ¶ 1, p. 12.
13. How often should the "Cash Book" be balanced in business? ¶ 1, p. 13.
14. How do you ascertain the cash on hand? ¶ 2, p. 13.
15. How does Stock acc't close after the gain or loss is carried into it? Stock Account, p. 14.
16. Why are transfers from one account to another marked "f" or "fol"? Question 1, Hanna's acc't, p. 16.
17. What is a folio? Page 20.
18. What is an acceptance? Page 19. Form 7, p. 135.
19. What are footing lines? Page 20.
20. Where should the first footing line be drawn? ¶ 5, p. 95.
21. Where should the second footing line be drawn? ¶ 5, p. 95.
22. What are closing lines? Page 19.
23. What is a Draft? Page 19.
24. What is a "Due Bill"? Page 19.
25. What is the definition of "Endorse"? Page 19.
26. What is the fundamental rule in Double Entry? Rule 1, p. 25.
27. When and how are the various transactions entered on the Day Book? ¶ 1, p. 22.

FINAL EXAMINATION.

28. How do you correct errors on this book? ¶ 1, p. 22.
29. How do you mark Day Book entries when they have been transferred to the Journal? Note 4, p. 28.
30. Can the Day Book be dispensed with in business? ¶ 2, p. 22.
31. What is the Journal used for? ¶ 1, p. 23.
32. What is meant by the term "posting"? ¶ 7, p. 38.
33. How do you mark Journal entries when they have been posted to the Ledger? ¶ 8, p. 39.
34. What is the use of the Ledger? ¶ 1, p. 24.
35. What accounts are kept in a Double Entry Ledger? ¶ 4, p. 24.
36. Repeat the rules for keeping personal accounts. Rules 3, 4, p. 25.
37. What accounts are classed as personal? ¶ 3, p. 72.
38. Repeat the rules for keeping property accounts. Rules 5, 6, 7, p. 25.
39. What accounts are classed as property accounts? ¶. 4, p. 72.
40. Repeat the rule for keeping Profit and Loss accounts. Rule 8, p. 25.
41. What accounts are classed as Profit and Loss? ¶ 5, p. 72.
42. Where should the abbreviations "Dr." and "Cr." be written in the Ledger? ¶ 2, p. 38.
43. What is to be done previous to closing the Ledger? ¶ 10, p. 40.
44. What will the proof sheet show? ¶ 10, p. 40. Note, p. 49.
45. How must an error in the proof sheet be sought for? ¶ 1, p. 74.
46. When is the Ledger closed? ¶ 12, p. 41.
47. For what purpose is it closed? ¶ 13, p. 42.
48. Repeat the rules for closing personal, property, and Profit and Loss accounts. Rules 1, 2, and 3, p. 41.
49. When is Profit and Loss closed? ¶ 6, Profit and Loss Acc't, p. 48.
50. How does it close? Rule 4, p. 41.
51. When is Stock account closed? ¶ 3, Stock Account, p. 43.
52. What is a Bill Payable? Question 10, p. 26.
53. How do you keep an account of them? Note 2, p. 34.
54. How does Bills Payable account close? Rule 5, p. 41.
55. What do the Dr. and Cr. sides of Cash account show? ¶¶ 1 and 2, Cash Account, p. 43.
56. How does it close? ¶ 4, Cash Account, p. 43.
57. What do the Dr. and Cr. sides of Mdse. account show? ¶¶ 1 and 2, Mdse. Account, p. 44.
58. How does it close if all the property is sold? ¶ 4, Mdse. Acc't, p. 44.
59. How if part remain on hand? Rule 2, p. 41.

FINAL EXAMINATION.

60. What do the Dr. and Cr. sides of Bills Receivable account show? ¶¶ 1 and 2, Bills Receivable Account, p. 45.
61. How does it close? Bills Receivable Account, ¶ 4, p. 45.
62. What is the rule for journalizing drafts, orders, &c.? Rule 9, p. 64.
63. What is the rule for keeping an account of consignments received? Rule 10, p. 64.
64. What is the rule for keeping an account of goods you consign to others for sale on your account? Rule 11, p. 64.
65. How are errors in the Journal corrected? ¶ 6, p. 74.
66. When a Journal entry has not been posted at the proper time, what is to be done? ¶ 3, p. 74.
67. How should errors in the Ledger be corrected? ¶ 2, p. 74.
68. If you open two accounts with the same person, what is to be done? ¶ 4, p. 74.
69. If an entry is posted twice, how do you correct the error? ¶ 5, p. 74.
70. What books are termed "Auxiliaries"? ¶ 1, p. 75.
71. When auxiliaries are kept, how is the Day Book made up? ¶ 2, p. 104.
72. Can the Day Book be dispensed with? ¶ 1, p. 104.
73. When the Day Book is dispensed with, how is the Journal made up? ¶ 3, p. 154.
74. What is the rule for determining the date of maturity of a note when the running time is in days? Page 100.
75. When the running time is in months? Page 101.
76. What is Expense acc't Dr. for, and how does it close? Pages 127 and 164.
77. What do the Dr. and Cr. sides of Interest account show, and how does it close? Pages 129 and 168.
78. How can the contents of an old Ledger be transferred to a new one? ¶ 5, p. 132.
79. Repeat the rule for calculating interest @ 6% for months. Rule 1, p. 177.
80. Repeat the rule for calculating interest @ 6% for days. Rule 2, p. 177.
81. Repeat the rule for Simple Equations. Page 178.
82. Repeat the rule for Compound Equations. Page 179.
83. Repeat the rule for Storage Equations. Page 180.
84. Repeat the rule for dividing partnership gains or losses, according to capital invested. Page 183.
85. Repeat the rule for adjusting interest on partners' capital. Page 183.
86. Repeat the rule for adjusting and closing deranged Double Entry books. Page 186.

INDEX.

PAGE

Abbreviations....19, 20, 21
Auxiliary Books, remarks on use of....75, 76, 77, 78, 79
Acceptance, form of....Form 7, p. 135
Accounts current, form of....Form 11, p. 137
statement of....Form 10, p. 136
personal, rules for keeping....Rule 3, p. 55, Rule 4, p. 56, ¶ 3, p. 72
Profit and Loss, rules for keeping....Rule 3, p. 62, ¶ 5, p. 72
property, rules for keeping....Rule 6, p. 59, Rule 7, p. 61, ¶ 4, p. 72
classification of....72, 73
Addition, method of proving....177

Balance Account, Double Entry....49, 131, 172
Single Entry....18
Balance Sheet, improved form of....174, 175
Bill Books, forms of....100, 101, 102, 152
Bills of items, form of....Form 8, p. 136

Correction of Errors....¶ 1, p. 22, ¶¶ 1 to 6, p. 74
Cash Account, how kept....43
Cash Book, forms of....13, 95, 96, 148
Closing the Ledger, rules for....41
specifications for exercises in....182
Commercial Calculations....177
Consignment Accounts....Rule 10, p. 64

Directions to Teachers....pp. 5, 6, 7, 8, 27, 38, 40, Note, p. 69, pp. 72, 120, ¶ 4, p. 132
Day Book, Double Entry, definition of....22, 104
opened in individual business....28, 105
Single Entry, definition of....¶ 2, p. 5
opened in individual business....9
Deranged Double Entry Books, how to rectify....186
Detection of Errors, directions for....74

Endorsed Note, form of....Form 2, p. 134
Equations, Simple, Compound, Storage....178, 179, 180
Exercises for final examination....183, 189, 190
in making out business forms....123, 173
Expense Account, how kept....127, 164

Forms for Notes, Drafts, Orders, &c....134 to 139

Gain and Loss, adjustment of, between partners....183 to 187
how ascertained in Single Entry....12
" " " Double Entry....48

INDEX.

PAGE

Interest, short and easy method of computing....177
adjustment of, on partners' accounts....183
Inventory, form of....86
Invoice Book, form of....79, 80
Index, form of, for Ledger....121

Joint Promissory Note, form of....Form 4, p. 134
Journal, definition of....23
checking of....40
entries, remarks on....Notes 1, 2, p. 66, Note, p. 68, Note, p. 69, p. 73, ¶ 5, p. 74
six column....155
Journalizing direct from Auxiliaries....¶ 3, p. 154

Ledger, Double Entry, definition of....24
directions for opening, posting, and closing....38, 39, 40, 41, 42, 120
closing in individual business....49, 132
closing in partnership business....182
Single Entry, closing of....18
reopening by Double Entry....¶ 2, p. 18

Merchandise Account....¶ 14, p. 42, pp. 44, 124
Mercantile Terms....19, 20, 21
Signs....21
Manufacturers' Books....Set IV, p. 140

Notes, rules for computing date of maturity....100, 101

Opening books, specifications and exercises in....53, 54, 180, 181

Posting, directions for....¶ 6, p. 38, ¶ 8, p. 39
Partnership, rule for opening books in....Rule 2, p. 6
settlements....183 to 187
Proof Sheet, form of....49

Questions for Review....p. 50, ¶ 4, p. 122, ¶ 1, p. 173

Rules for Journalizing....25, 26
" " with examples for practice....52 to 65
" closing the Ledger....41
" settling deranged books....186
" computing maturity of Notes, Drafts, &c....100, 101
Retail Business, Books for....Set I, pp. 5, 6

Sales Book, forms of....87, 88, 141, 142
Shipments, rule for....Rule 11, p. 64

Trial Balance, form of....49

Wholesale Business, books for....Set III, p. 51

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